



***Annual financial statements***  
*for the year ended 31 March 2018*



## Statement of responsibility by the board of directors

*for the year ended 31 March 2018*

The annual financial statements of the group and the company are the responsibility of the directors of Naspers Limited. In discharging this responsibility, they rely on the management of the group to prepare the consolidated and separate annual financial statements presented on pages 25 to 166 in accordance with International Financial Reporting Standards (IFRS) and the Companies Act No 71 of 2008. As such, the consolidated and separate annual financial statements include amounts based on judgements and estimates made by management. The information given is comprehensive and presented in a responsible manner.

The directors accept responsibility for the preparation, integrity and fair presentation of the consolidated and separate annual financial statements and are satisfied that the systems and internal financial controls implemented by management are effective.

The directors believe that the group and company have adequate resources to continue operations as a going concern in the foreseeable future, based on forecasts and available cash resources. The financial statements support the viability of the group and the company. The preparation of the consolidated and separate annual financial statements was supervised by the group's financial director, Basil Sgourdos CA(SA). These results were made public on 22 June 2018.

The independent auditing firm PricewaterhouseCoopers Inc., which was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board, has audited the consolidated and separate annual financial statements. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. PricewaterhouseCoopers Inc.'s audit report is presented on page 17.

The consolidated and separate annual financial statements were approved by the board of directors on 22 June 2018 and are signed on its behalf by:

**Koos Bekker**

*Chair*

**Bob van Dijk**

*Chief executive*



## **Certificate by the company secretary**

*for the year ended 31 March 2018*

In terms of section 88(2)(e) of the Companies Act No 71 of 2008 I, Gillian Kisbey-Green, in my capacity as company secretary of Naspers Limited, confirm that for the year ended 31 March 2018, the company has lodged with the Companies and Intellectual Property Commission, all such returns as are required of a public company in terms of the Companies Act and that all such returns and notices are, to the best of my knowledge, true, correct and up to date.

**Gillian Kisbey-Green**

*Company secretary*

22 June 2018



# Report of the audit committee

for the year ended 31 March 2018

I am pleased to present the report of the audit committee for the year ended 31 March 2018. The audit committee submits this report, as required by section 94 of the South African Companies Act No 71 of 2008 (the Act).

## MEMBERS OF THE AUDIT COMMITTEE AND ATTENDANCE AT MEETINGS

The audit committee consists of the independent non-executive directors listed below and meets at least three times per year in accordance with its charter. All members act independently as described in section 94 of the Act. During the year under review, four meetings were held. The internal and external auditors, in their capacity as auditors to the group, attended and reported at all meetings of the audit committee. The group risk management function was also represented. The chair of the board, chief executive, financial director, general manager: finance, group general counsel and one of the non-executive directors attend the meetings by invitation.

The names of the members who were in office during the financial year and the details of the audit committee meetings attended by each of the members are:

Name of committee member	Qualifications	Four meetings were held during the year. Attendance	Category
D G Eriksson	CTA (Wits) and CA(SA)	4	Independent non-executive
R C C Jafta	MEcon and PhD (Stellenbosch University)	4	Independent non-executive
B J van der Ross	DipLaw (UCT)	4	Independent non-executive

The board and the nomination committee unanimously recommend to shareholders at the annual general meeting that the current committee members be re-elected. All audit committee members served on the committee for the full financial year.

## RESPONSIBILITIES AND KEY ACTIONS

The audit committee has adopted formal terms of reference, delegated by the board of directors, as set out in its audit committee charter.

The audit committee has discharged the functions in terms of its charter and ascribed to it in terms of the Act as follows:

- Reviewed the interim report, provisional report, consolidated annual financial statements and integrated annual report, culminating in a recommendation to the board to adopt them. In the course of its review the committee:
  - took appropriate steps to ensure the consolidated annual financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Act;
  - considered and, when appropriate, made recommendations on internal financial controls;
  - dealt with concerns or complaints on accounting policies, internal audit, the auditing or content of consolidated annual financial statements, and internal financial controls; and
  - reviewed legal matters that could have a significant impact on the organisation's consolidated annual financial statements.
- Reviewed external audit reports on the consolidated and separate annual financial statements.
- Reviewed the board-approved internal audit charter.
- Reviewed and approved the internal and external audit plans.
- Reviewed internal audit and risk management reports and, where relevant, made recommendations to the board.
- Evaluated the effectiveness of risk management, controls and governance processes.
- Verified the independence of the external auditor, nominated PricewaterhouseCoopers Inc. as auditor for 2018 and noted the appointment of Brendan Deegan as the designated auditor.
- Approved audit fees and engagement terms of the external auditor.
- Determined the nature and extent of allowable non-audit services and approved contract terms for non-audit services by the external auditor.
- Reviewed the JSE Limited's report on the proactive monitoring of consolidated annual financial statements.





# Report of the audit committee

for the year ended 31 March 2018

## KEY FOCUS AREAS DURING THE YEAR

The committee's key focus areas during the year included:

- discharging its functions in terms of its charter;
- mandatory audit firm rotation;
- proposed involvement of a black audit firm for the external audit;
- assessing the impact of changes to accounting standards;
- JSE Listings Requirements; and
- King IV™ recommendations.

## FINANCIAL STATEMENT REPORTING ISSUES

The audit committee's main responsibility in relation to the group's financial reporting is to review, with both management and the external auditor, the appropriateness of the group's consolidated annual financial statements with its primary focus being on:

- the quality and acceptability of accounting policies and practices;
- material areas where significant judgements have been made, along with any significant assumptions or estimates, or where significant issues have been discussed with or challenged by the external auditor; and
- an assessment of whether the consolidated annual financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position and performance, business model and strategy.

The significant judgements and issues and conclusions reached/actions taken by the audit committee in relation to the 2018 consolidated annual financial statements are outlined below. The significant judgements and issues are broadly comparable in nature to prior years. Each of these matters was discussed with the external auditor and, where appropriate, have been addressed as key audit matters in the 'Report on the audit of the consolidated and separate financial statements' on pages 17 to 25.

Significant reporting matter	Conclusions reached/actions taken
<p><i>Change in accounting policy – Written put option liabilities</i></p> <p>The group changed its accounting policy with respect to put option liabilities during the current year. Detailed disclosure of the change has been provided in the consolidated annual financial statements (refer to note 2).</p> <p>In terms of this accounting policy, put option liabilities are recognised in the statement of financial position at amounts reflecting the expected gross cash consideration payable on settlement. All subsequent remeasurements relating to these liabilities are recognised in the income statement.</p> <p>Put option liabilities have been valued based on either:</p> <ul style="list-style-type: none"> <li>• discounted cash flow (DCF) analyses; or</li> <li>• observable market transactions (e.g. funding rounds and non-controlling interest buy-outs).</li> </ul> <p>The valuation of put option liabilities and the subsequent remeasurement thereof are complex and require management to exercise significant judgement, specifically relating to the estimates of future cash flow, discount rates and terminal growth rates used in DCF analyses.</p> <p>The following put option liabilities were considered most significant due to their magnitude and their sensitivity to changes in key underlying assumptions:</p>	<p>The audit committee considered the appropriateness of management's change in accounting policy for put option liabilities given the company's decision to settle these obligations in cash rather than through the issuance of shares. The audit committee debated the merits of the change in accounting policy, including the effects of the change on the consolidated annual financial statements, and concurred with management that the change was appropriate.</p> <p>The audit committee received feedback from management regarding the valuation of put option liabilities as well as the sensitivity thereof to changes in key underlying variables. The audit committee considered the above facts in terms of the consistent application of management's valuation methodology and the critical assumptions applied.</p> <p>In addition, as the valuation of put option liabilities remains a key area of focus for the group's external auditor, the audit committee reviewed the external auditor's reporting on the accounting for written put option liabilities.</p> <p>Management and the external auditor outlined the key accounting and disclosure impacts of the change in accounting policy to the audit committee.</p>



# Report of the audit committee

for the year ended 31 March 2018

Significant reporting matter	Conclusions reached/actions taken
<ul style="list-style-type: none"> <li>- Avito Holding AB</li> <li>- Ambatana Holdings B.V. (letgo's holding company)</li> <li>- letgo USA B.V.</li> </ul> <p>For further information refer to note 2 (accounting policy) and note 23 (financial disclosures).</p>	<p>Having reviewed management and the external auditor's reporting as well as the presentation and disclosure of the change in accounting policy in the consolidated annual financial statements, the audit committee concluded that it was satisfied with the accounting and the disclosures made.</p>
<p><i>Impairment testing of goodwill and intangible assets</i></p> <p>The group's net asset value includes significant amounts of goodwill and intangible assets (refer to notes 5 and 6).</p> <p>These balances are tested at least annually for impairment and this process involves complex calculations and the exercise of critical management judgement regarding assumptions and estimates.</p>	<p>The audit committee received impairment reporting from management including the results of the group's annual impairment testing of goodwill and those assets where indicators of impairment existed. The audit committee reviewed this reporting in terms of the consistent application of management's testing methodology, the achievability of business plans and forecasts based on the Naspers board approval thereof and the critical assumptions applied.</p> <p>In addition, as impairment testing remains a key area of focus for the group's external auditor, the audit committee reviewed the external auditor's reporting on impairment testing.</p> <p>Consequently, the audit committee was satisfied with the appropriateness of the analysis performed by management and the impairment-related disclosures in the consolidated annual financial statements.</p>
<p><i>Share-based payments</i></p> <p>The group has a number of share-based compensation schemes (refer to note 43). The share-based payments arising therefrom involve complex valuations and the use of critical management judgement regarding assumptions and estimates.</p>	<p>The audit committee acknowledged that the human resources and remuneration committee reviews the valuations, including assumptions and allocations, of the share-based compensation schemes as well as the various scheme rules. The audit committee noted the report of the human resources and remuneration committee, as tabled at the Naspers board meeting, details the results of these reviews. The audit committee noted that these valuations and the underlying assumptions are used for the accounting of share-based payments.</p> <p>The audit committee also reviewed the accounting and disclosure of share-based payments in the annual financial statements.</p> <p>As a result, the audit committee concluded that that accounting and disclosure of share-based payments in the consolidated annual financial statements is appropriate.</p>
<p><i>Equity-accounted investments – Tencent Holdings Limited (Tencent)</i></p> <p>Equity-accounted investments (refer to notes 8 and 9) are significant to the consolidated annual financial statements and the group is required to make certain adjustments to the underlying results of investees in respect of significant transactions that occur between the investees' year-ends and 31 March.</p> <p>These adjustments require the exercise of critical management judgement and are significant in terms of magnitude.</p>	<p>The audit committee received feedback from the group's representatives on the audit committees of Tencent and other significant equity-accounted investments. The audit committee reviewed the reporting of the contribution of equity-accounted investments to the group's results and financial position as part of their review of the consolidated annual financial statements. In addition, the audit committee received reporting from management on significant lag-period adjustments and/or adjustments made to the underlying results of investees to align the investees'</p>



# Report of the audit committee

for the year ended 31 March 2018

Significant reporting matter	Conclusions reached/actions taken
Accounting for the group's investment in Tencent was a significant matter due to the significant contribution of the entity to the consolidated results of the group, the fact that Tencent has a year-end that is not coterminous with that of the group, and as a result of the magnitude of the gain recognised by the group during the current year on the disposal of a partial interest in Tencent shares.  For further information refer to note 2 (accounting policy) and note 8 (financial disclosures).	accounting policies to those of the group.  The audit committee was satisfied with the adjustments made and the critical judgements applied by management.  The audit committee reviewed the disclosure of the gain recognised by the group on its disposal of Tencent shares and was satisfied with the approach followed by management in calculating the gain, including the related reclassification of reserves to the income statement on disposal.
<i>Current, deferred and other taxes in developing markets</i>  The group operates across many tax jurisdictions and has recognised significant tax provisions and disclosed significant contingencies in this regard (refer to notes 11, 24 and 30).  Significant management judgement is exercised in estimating potential exposures where the interpretation of tax laws and regulations is subjective.	The audit committee reviewed updates on the group's assessment on certain tax matters and challenged both management and the external auditor on the legal judgements underpinning the provisioning and disclosure adopted in relation to contingent tax liabilities and operating assumptions underlying deferred tax asset recognition.  Consequently, the audit committee was satisfied with the approach adopted in the consolidated annual financial statements by management.

## OTHER REPORTING MATTERS

The audit committee reviewed the change in the calculation of the group's non-IFRS measures including trading profit and core headline earnings. The change in the calculation related to the inclusion of Tencent's amortisation expenses on its digital content business. Trading profit and core headline earnings were restated retrospectively for this change. The audit committee concluded that the change in calculation was appropriate and adequately disclosed in the consolidated annual financial statements.

## INTERNAL AUDIT

The audit committee has oversight of the group's consolidated annual financial statements and reporting process, including the system of internal financial control. It is responsible for ensuring that the group's internal audit function is independent and has the necessary resources, standing and authority in the organisation to discharge its duties. The committee oversees cooperation between internal and external auditors, and serves as a link between the board of directors and these functions. The head of internal audit reports functionally to the chair of the committee and administratively to the financial director. An assessment of the effectiveness of the internal audit function, as well as the head of internal audit, is performed annually by the committee. Based on the assessment the committee is of the opinion that the internal audit function, as well as the head of internal audit, is effective.

## EFFECTIVENESS OF THE COMPANY'S INTERNAL FINANCIAL CONTROLS

The committee reports to the board that it is of the opinion that, based on enquiries made and the reports from the internal and external auditors, the risk management processes and systems of internal control of the company and its investments were effective for the year under review. No material weaknesses in financial control of the company and its subsidiaries were reported for the year under review.



# Report of the audit committee

*for the year ended 31 March 2018*

## **INDEPENDENCE AND EFFECTIVENESS OF THE EXTERNAL AUDITOR**

PricewaterhouseCoopers Inc. was re-appointed as auditor of the company until the next annual general meeting. PricewaterhouseCoopers Inc. has been the auditor of Naspers for 103 years. The committee believes that the auditor has observed the highest level of business and professional ethics. The committee is satisfied that the auditor has at all times acted with unimpaired independence.

Details of fees paid to the external auditor are disclosed in note 28 to the consolidated annual financial statements on page 105. All non-audit services were approved by the committee during the current financial year in accordance with the board-approved policy on non-audit services performed by the external auditor. The partner responsible for the audit is required to rotate every five years. The committee meets with the auditor independently of senior management.

During the year, the audit committee reviewed a representation by the external auditor and, after conducting its own review, confirmed the independence of the auditor. The quality of the external audit was reviewed, focusing on a range of factors considered relevant to audit quality and feedback from PricewaterhouseCoopers Inc. on their performance against their own objectives. The committee concluded the external audit to be satisfactory. It was confirmed that no unresolved issues of concern exist between the group and the external auditors.

## **CONFIDENTIAL MEETINGS**

Audit committee agendas provide for confidential meetings between committee members and the internal and external auditors.

## **EXPERTISE AND EXPERIENCE OF FINANCIAL DIRECTOR AND THE FINANCE FUNCTION**

As required by the JSE Limited Listings Requirement 3.84(h), the audit committee has satisfied itself that the financial director has appropriate expertise and experience. In addition, the committee satisfied itself that the composition, experience and skills set of the finance function met the group's requirements. Based on an assessment performed annually, the committee is of the opinion that the finance function, as well as the financial director, is effective.

## **INTEGRATED COMBINED ASSURANCE**

The board does not only rely on the adequacy of the internal-control embedment process, but considers reports on the effectiveness of risk management activities from the risk committee. The committee ensures that the assurance functions of management as well as internal and external audit are sufficiently integrated, and is satisfied with the effectiveness of the arrangements for combined assurance. The various assurance providers to the board comprise the following:

- senior management and the risk committee considers the company's risk strategy and policy, along with the effectiveness and efficiency thereof. The risk committee also considers the adequacy of risk management strategies, systems of internal control, risk profiles and legal compliance. The audit committee receives assurance from the risk committee that risk management activities are sufficiently addressed and effective; and
- the committee considers the systems of internal control, internal and external audit reports and also reviews the independence of the auditor, the extent and nature of audit engagements, scope of work and findings. This committee also reviews the level of disclosure in the consolidated annual financial statements and the appropriateness of accounting policies adopted by management, and jointly with the risk committee considers material issues of fraud and reporting on fraud. The board reviews the performance of the committee against its charter.

The chair of the committee reports to the board at the board meeting following each committee meeting on matters addressed by the committee at its last meeting.

## **DISCHARGE OF RESPONSIBILITIES**

The committee determined that, during the financial year under review, it had discharged its legal and other responsibilities as outlined in terms of its remit, details of which are included in the full corporate governance report on [www.naspers.com](http://www.naspers.com). The board concurred with this assessment.



## Report of the audit committee

*for the year ended 31 March 2018*

### KEY FOCUS AREAS GOING FORWARD

The committee's key focus for the 2019 financial year include:

- discharging its functions in terms of its charter;
- mandatory audit firm rotation;
- assessing the impact of changes to accounting standards;
- JSE Listings Requirements;
- King IV™ recommendations;
- focussing regularly on the group's working capital requirements and ensuring that the group and its subsidiaries continue to operate as going concerns; and
- reviewing and monitoring the accounting for potential mergers, acquisitions and disposal and the conduct of impairment tests.

**Don Eriksson**

*Chair: Audit committee*

22 June 2018



# Directors' report to shareholders

for the year ended 31 March 2018

## NATURE OF BUSINESS

Naspers Limited (Naspers or the group) is a global internet and entertainment group and one of the largest technology investors in the world. Founded in 1915, we now operate in more than 120 countries and markets with long-term growth potential. Naspers builds leading companies that empower people and enrich communities. It runs some of the world's leading platforms in internet, video entertainment and media.

## OPERATING REVIEW

Naspers delivered robust growth for the year ended 31 March 2018. 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). This is a meaningful growth acceleration of which ecommerce and Tencent were key drivers. 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.

In the ecommerce business, revenue growth accelerated 36% versus 27% last year, with meaningful reductions in trading losses (both metrics in local currency and adjusted for acquisitions and disposals). The classifieds business (excluding letgo) became profitable during the year. The payments business reduced trading losses on its existing footprint, while continuing to scale. The group strengthened its position in online food-delivery services by investing a combined US\$1.4bn in Delivery Hero and Swiggy. The video-entertainment business contributed steady revenue and trading profit growth, with trading losses in the sub-Saharan Africa business stabilising despite further currency weakness in Nigeria and Angola.

To reinforce the balance sheet and pursue growth opportunities in, among others, the classifieds, online food-delivery and fintech (financial technology) businesses, we sold a 2% interest in Tencent in March 2018, generating proceeds of US\$9.8bn.

We operate in over 120 countries and markets, resulting in significant exposure to foreign-exchange volatility. This can have a notable impact on reported revenue and trading profit metrics, particularly in video entertainment where revenues are earned in local currencies while the cost base is largely US dollar denominated. Foreign-exchange exposure has a more muted impact on the internet businesses as both revenues and costs are generally denominated in local currency. Where relevant in this report, amounts and percentages have been adjusted for the effects of foreign currency and acquisitions and disposals to reflect underlying trends. These adjustments are quoted in brackets, after the equivalent metrics reported under International Financial Reporting Standards (IFRS).

## FINANCIAL REVIEW

Consolidated revenue (excluding equity-accounted investments) was up 9% (15%) to US\$6.7bn as ecommerce continued to scale. Ecommerce revenues grew 15% or 32% in local currency and adjusted for the impact of acquisitions and disposals (including Allegro and Netretail). Group consolidated trading loss was US\$41m – a marked improvement on last year.

Development spend – reflecting the trading losses of businesses yet to reach scale – continued the downward trend reported at September 2017. Consolidated development spend was down 17%, when measured in local currency and excluding acquisitions and disposals, as the ecommerce business improved its profitability and scaled. Development spend decreased across several units, including Showmax and letgo, partially offset by additional investment to further expand Movile's iFood business. When the US\$271m invested in consolidated newer initiatives (including letgo and Showmax) is excluded, development spend on older investments decreased 8%.

Our share of the results of equity-accounted investments (associates and joint ventures) was US\$3.3bn – up 79%. This includes once-off gains of US\$692m and impairment losses of US\$159m recognised by these companies. Equity-accounted investments contributed a combined US\$3.0bn to core headline earnings, an increase of 45%.

Several notable transactions were concluded during the year. We distributed the majority of our interest in Novus in September 2017, recognising a loss on disposal of US\$145m. Following the Tencent share sale (as discussed earlier), we recorded a gain on disposal of US\$9.1bn. The participation exemption in South Africa, which prevents double taxation, applied to the sale itself, but any future distributions to shareholders and accretion in value from investment will be taxed in the hands of shareholders at rates of 20% or sometimes more, as applicable.



# Directors' report to shareholders

for the year ended 31 March 2018

## FINANCIAL REVIEW (continued)

Naspers and its South African subsidiaries paid and collected a total of US\$769m on behalf of the tax authorities for the 2018 year, making us one of the largest taxpayers in South Africa. We also contribute significantly to employment and tax revenues in several countries.

Net interest expense on borrowings was US\$122m, down 14%, due to lower use of credit facilities and the lower 4.85% coupon achieved on the US\$1.0bn bond issued in July 2017. Following the disposal of Tencent shares, Naspers had net cash of US\$8.2bn at 31 March 2018.

We changed our accounting policy on put option liabilities during the year (refer to note 2 of these consolidated annual financial statements). An aggregate remeasurement loss of US\$252m was recognised in the income statement on these liabilities during the year and, at 31 March 2018, total put option liabilities were US\$2.4bn.

Consolidated free cash outflow was US\$242m with working capital movements, particularly the video-entertainment business's prepaid content rights renewals, having a significant impact. These effects were partly offset by dividend income of US\$247m from Tencent and improved profitability in the video-entertainment and ecommerce units.

The company's external auditor has not reviewed or reported on forecasts included in this directors' report.

The following segmental reviews are prepared on an economic-interest basis (which includes consolidated subsidiaries and a proportionate consolidation of associates and joint ventures), unless otherwise stated.

## SEGMENTAL REVIEW

### Internet

Internet revenues grew 50% (51%) to US\$15.9bn and trading profit was up 50% (56%) to US\$3.1bn, fuelled by ecommerce and Tencent's strong results. This segment now contributes 79% of group revenue – up from 73% last year.

### Ecommerce

Ecommerce revenue increased 25% (36%) to US\$3.6bn. Classifieds, business-to-consumer (B2C), payments and food delivery all contributed meaningfully to the segment's 9% revenue acceleration. Increased scale resulted in trading losses reducing 8% (24%) to US\$673m and a considerable improvement in trading loss margins from 25% last year to 18% this year.

Profitable ecommerce businesses generated revenues of US\$1.7bn and trading profits of US\$352m (2017: US\$699m and US\$229m respectively). In local currency and adjusted for acquisitions and disposals, this is growth of 77% and 52%, respectively, on a like-for-like basis. The trading profit contribution from our profitable ecommerce businesses is now similar to that of our entire video-entertainment segment.

### Classifieds

Classifieds had a solid year and strengthened its market positions. Revenues grew 47% (35%) to US\$628m. Excluding the investment to scale letgo, the classifieds business turned profitable. OLX Brazil delivered strong revenue growth and reached break-even. Avito enhanced user engagement and expanded monetisation, growing revenue 28% in local currency despite a competitive operating environment. The European markets, led by Poland, Ukraine and Romania, accelerated revenue growth on the back of expanded product offerings to sellers in key vertical categories and more than doubled trading profits. letgo continues to gain traction in the US with a significantly improved user experience and is starting to trial monetisation. Annualised monthly unique listers on the letgo platform were up 45%.

### Etail

Etail (online retail) showed strong growth with revenues rising some 36% to US\$2.1bn, when adjusted for the disposals of Souq and Konga in the current year and Allegro and Netretail last year.

eMAG continued to outpace market growth across its footprint, with gross merchandise value (GMV) increasing by 38%.

Takealot, South Africa's leading retailer, extended its leadership, growing GMV by 70%, and expanding its reach outside its core categories through Superbalist, its fashion and homeware business, and Mr D Food, South Africa's leading food-delivery service.





# Directors' report to shareholders

for the year ended 31 March 2018

## SEGMENTAL REVIEW (continued)

### Ecommerce (continued)

Flipkart, our equity-accounted eetail investment in India, increased market share by growing GMV 49% year on year. During the year it also secured substantial capital from investors – including Tencent and Softbank. After year-end we entered into an agreement to sell our interest in Flipkart to Walmart for approximately US\$2.2bn, representing an internal rate of return on our investment of some 32%. The transaction is subject to regulatory approval.

During the year, to improve long-term returns, we disposed of our interests in equity-accounted online retailers Souq in the Middle East and Konga in Nigeria, and finalised the closure of Markafoni in Turkey.

### Travel

MakeMyTrip has solidified its position as the leading online travel agency in India and seized cost-saving opportunities created by the merger with ibibo last year. Our share of MakeMyTrip's revenue, in local currency and adjusted for the merger with ibibo last year, grew by 21% year on year to US\$222m on the back of healthy growth in its airline ticketing and hotels and packages businesses. Measured on a similar basis, our share of MakeMyTrip's trading losses reduced by 19% as it benefited from healthy growth in gross bookings as well as transaction volume growth in its airline ticketing and hotels and packages businesses.

### Payments

The payments and fintech business, PayU, recorded healthy revenue growth of 58% (37%), driven by a 48% increase in transactions processed. Total payment value exceeded US\$25bn, with India accounting for 47%. India was also the fastest-growing region, with payment volumes increasing 84%.

PayU has sustained growth while keeping the cost base in its core payments business stable, demonstrating the benefits of scale efficiencies, automation and platform consolidation. The combined effect of revenue growth and a stable cost base reduced the trading loss by a significant 42% on the existing footprint and in local currency.

The 2018 financial year was pivotal in PayU's transformation from a payments business to a broader fintech services business. As part of this process, PayU invested US\$99m (and €20m of convertible loan funding) in Kreditech, a credit-scoring business, and US\$100m in Remitly, a technology-driven remittance business. These investments are accounted for as associates.

### Food delivery

We increased our focus on online food-delivery services with two notable minority investments: firstly, Delivery Hero continues to build its leadership in the more than 42 countries in which it operates and also Swiggy, a leading online food-delivery company in India. In LatAm, iFood continued to grow order volumes, average take rates and customer retention metrics through additional investment, specifically in Brazil.

Cumulative annualised GMV growth for the food-delivery segment was 65% and cumulative annualised order volumes across all three companies rose 65%.

For the year ended December 2017, Delivery Hero increased revenue by 60% to €544m, with order volumes growing 48% to 292m. Swiggy saw healthy increases in revenue and order volumes. iFood more than doubled its revenue to US\$117m and recorded order volume growth of 116%.

### Tencent

For the year ended 31 December 2017, Tencent's revenues of RMB238bn were up 56% year on year. Non-GAAP profit attributable to shareholders (Tencent's measure of normalised performance) grew 43% to RMB65bn.

Revenues from value-added services (VAS) increased 43% to RMB154bn, with online games revenues growing 38% to RMB98bn and social networks revenue rising 52% to RMB56bn. Online advertising revenues rose 50% to RMB40bn. Other revenues (mainly payments and cloud-services revenue) rose 153% to RMB43bn.

Tencent's Weixin platform strengthened its 'super-app' status, with monthly active users exceeding the 1bn mark in February 2018.



# Directors' report to shareholders

for the year ended 31 March 2018

## SEGMENTAL REVIEW (continued)

### Tencent (continued)

The group maintained its leading position in the Chinese online games market and continued to grow its global presence. Tencent's presence in social media and utility products drove healthy growth in advertising revenues from its various platforms. The group extended its leadership in mobile payments in terms of active user accounts and further expanded commercial transactions, with offline transaction volumes more than doubling year on year.

Tencent is increasing its investment in select areas including video, payments, cloud, artificial intelligence technologies and smart retail. The group is enhancing its development and innovation capabilities.

More information on Tencent's results is available at [www.tencent.com/en-us/ir](http://www.tencent.com/en-us/ir).

### Mail.ru

Mail.ru's revenue for the year ended 31 December 2017 was up 34% to RUB57bn. Key drivers were online games and advertising. Mail.ru's two largest games, Warface and War Robots, performed well. The online games division expanded internationally and across new platforms. International revenue accounted for almost half of its online games revenues. Mail.ru's advertising revenues benefited from shifts towards online platforms and social networks. The integration of online food-delivery businesses Delivery Club and ZakaZaka with Mail.ru's social media properties is progressing. In January 2018, Mail.ru announced the acquisition of ESforce, one of the largest esports companies in the world.

More information on Mail.ru's results is available at <https://corp.mail.ru/en/investors/>.

### Video entertainment

Although the macroeconomic environment in sub-Saharan Africa was relatively stable in the second half of the year, the video-entertainment business continues to face challenging conditions. Despite this, it recorded a stable performance, adding just over 1m direct-to-home (DTH) subscribers and 520 000 digital terrestrial television (DTT) subscribers. The total base across Africa stood at 13.5m households at 31 March 2018. The business continued to build on the success of its value strategy to grow the subscriber base and further reduced costs. DTT subscriber growth was supported by a partial analogue switch-off in Zambia and launch of a popular package, GOtv Max, which generated increased average revenue per user from upgrades and new customers.

Revenue for the segment increased 8% (7%) to US\$3.7bn and trading profit rose 29% (24%) to US\$369m. A stronger South African rand impacted positively. Results were affected by the 25% devaluation of the Nigerian naira and 7% devaluation of the Angolan kwanza over the period. However, losses stabilised.

The focus of the business remains on optimising cost structures and reinvesting for its online future. Through continued efforts to save on content costs and overheads, it reduced operating costs by over US\$70m. Sports rights investments included renewing English Premier League, South Africa's Premier Soccer League and UEFA Champions League. Cost savings were partially reinvested in subscriber acquisition, production of local content and scaling Showmax.

Constrained liquidity in Angola and Zimbabwe persists because of limited availability of foreign currency. Liquidity conditions in Nigeria improved significantly during the year, resulting in us being able to remit funds. At 31 March 2018, cash balances and trade receivables of US\$131m, held in Angola, Zimbabwe and Mozambique, remain exposed to weakening currencies – this is a 55% reduction on last year's balance.

### Media

Most of Media24's interest in the listed South African print business, Novus, was distributed to Naspers shareholders in September 2017, with Media24 retaining a 19% interest and no longer consolidating Novus after the distribution.

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. Investment to scale the segment's growth, particularly in ecommerce and digital media, saw trading losses up 43% (33%) to US\$30m. These now account for 17% of total revenue.



# Directors' report to shareholders

*for the year ended 31 March 2018*

## PROSPECTS

In the year ahead the group will use its strong balance sheet to accelerate the growth of its classifieds, food-delivery and fintech businesses globally, and to pursue other growth opportunities when they arise. The group will continue to scale the ecommerce and sub-Saharan Africa video-entertainment businesses and drive them closer to profitability. The focus will be on innovation, particularly in the areas of artificial intelligence and machine learning, navigating macroeconomic headwinds and managing costs in mature businesses.

## SHARE CAPITAL

The authorised share capital at 31 March 2018 was:

- 1 250 000 A ordinary shares of R20 each
- 500 000 000 N ordinary shares of 2 SA cents each

The issued share capital at 31 March 2018 was:

- 907 128 A ordinary shares of R20 each
- 438 656 059 N ordinary shares of 2 SA cents each

Refer to note 18 to the consolidated annual financial statements for information regarding changes in the group's share capital during the year.

## PROPERTY, PLANT AND EQUIPMENT

At 31 March 2018, the group's investment in property, plant and equipment amounted to US\$1.64bn (2017: US\$1.64bn). Details are reflected in note 4 of the consolidated annual financial statements.

Capital commitments at 31 March 2018 amounted to US\$16.5m (2017: US\$12.6m).

## DIVIDENDS

The board recommends that a dividend of 650 SA cents (2017: 580 SA cents) per listed N ordinary share be declared and 130 SA cents (2017: 116 SA cents) per unlisted A ordinary share. Dividends will continue to be declared and paid in SA rand, with the relevant exchange rate announced at the time of the dividend payment.

## GROUP

Naspers is not a subsidiary of any other company. The name, country of incorporation and effective financial percentage interest of the holding company in each of the Naspers group's principal subsidiaries are disclosed in note 7 to the consolidated annual financial statements.

Details relating to significant acquisitions and divestitures during the year are highlighted in note 3 to the consolidated annual financial statements.

## DIRECTORS

The directors' names and details are presented on the next page and the company secretary's name and business and postal addresses are presented on page 167. Directors' shareholdings in the issued share capital of the company are disclosed in note 17 to the consolidated annual financial statements.



# Directors' report to shareholders

for the year ended 31 March 2018

## DIRECTORS (continued)

Directors and attendance at meetings:

	Date first appointed in current position	Date last appointed	Eight board meetings were held during the year. Attendance:	Category
J P Bekker <sup>(2)</sup>	17 April 2015	25 August 2017	8	Non-executive
E Choi	21 April 2017	21 April 2017	8	Independent non-executive
H J du Toit	1 April 2016	1 April 2016	8	Independent non-executive
C L Enenstein	16 October 2013	28 August 2015	8	Independent non-executive
D G Eriksson	16 October 2013	28 August 2015	8	Independent non-executive
G Liu	1 April 2016	1 April 2016	7	Independent non-executive
R C C Jafta	23 October 2003	25 August 2017	8	Independent non-executive
F L N Letele	22 November 2013	26 August 2016	8	Executive
D Meyer	25 November 2009	26 August 2016	8	Independent non-executive
R Oliveira de Lima	16 October 2013	26 August 2016	8	Independent non-executive
S J Z Pacak <sup>(2)</sup>	15 January 2015	25 August 2017	8	Non-executive
T M F Phaswana <sup>(2)</sup>	23 October 2003	28 August 2015	7	Independent non-executive
M R Sorour <sup>(1) (2)</sup>	15 January 2015	28 August 2015	8	Non-executive
V Sgourdos <sup>(2)</sup>	1 July 2014	29 August 2014	8	Executive
J D T Stofberg	16 October 2013	26 August 2016	8	Non-executive
B van Dijk <sup>(2)</sup>	1 April 2014	29 August 2014	8	Executive
B J van der Ross	12 February 1999	25 August 2017	7	Independent non-executive

### Notes

<sup>(1)</sup> Appointed as non-executive director on 1 April 2018.

<sup>(2)</sup> Members of the executive committee.



# Directors' report to shareholders (continued)

for the year ended 31 March 2018

## DIRECTORS (continued)

Committees and attendance at meetings:

	Executive committee		Audit committee <sup>(1)</sup>		Risk committee		Human resources and remuneration committee <sup>(1)</sup>		Nomination committee <sup>(1)</sup>		Social and ethics committee		
	Four meetings held during the year.		Four meetings held during the year. Attendance:		Four meetings held during the year. Attendance:		Six meetings held during the year. Attendance:		Five meetings held during the year. Attendance:		Two meetings held during the year. Attendance:		Category
J P Bekker <sup>(7)</sup>	✓	4					✓	6	✓	5			Non-executive
E M Choi <sup>(4)</sup>					✓	4	✓	1					Non-executive
H J du Toit <sup>(5)</sup>									✓	1			Non-executive
C L Enenstein <sup>(4)(5)</sup>							✓	1	✓	1			Non-executive
D G Eriksson			✓	4	✓	4					✓	2	Independent non-executive
R C C Jafta <sup>(2)(7)</sup>			✓	4	✓	4	✓	6	✓	5	✓	2	Independent non-executive
F L N Letele											✓	2	Executive
D Meyer											✓	2	Independent non-executive
R Oliveira de Lima <sup>(4)(5)</sup>							✓	1	✓	1			Non-executive
S J Z Pacak	✓	4			✓	4							Non-executive
T M F Phaswana	✓	4					✓	5	✓	5			Independent non-executive
V Sgourdos <sup>(8)</sup>	✓	4			✓	4					✓	1	Executive
J D T Stofberg <sup>(6)(9)</sup>							✓	5	✓	4			Non-executive
B J van der Ross			✓	4	✓	4							Non-executive
B van Dijk	✓	4			✓	4					✓	2	Executive
E Weideman											✓	2	Executive

### Notes

<sup>(1)</sup> Executive directors attend meetings by invitation.

<sup>(2)</sup> Resigned as a member and chair of the human resources and remuneration committee on 22 February 2018.

<sup>(3)</sup> Resigned as a member of the human resources and remuneration committee on 22 February 2018.

<sup>(4)</sup> Appointed to the human resources and remuneration committee on 22 February 2018.

<sup>(5)</sup> Appointed to the nomination committee on 22 February 2018.

<sup>(6)</sup> Resigned as an alternate member of the nomination committee on 22 February 2018.

<sup>(7)</sup> On 22 February 2018, Koos Bekker stepped down as chair of the nomination committee but remained a member and Rachel Jafta was appointed chair of the committee.

<sup>(8)</sup> Stepped down as a member of the social and ethics committee and was appointed as an alternate on 26 March 2018.

<sup>(9)</sup> Appointed as a member of the social and ethics committee on 26 March 2018.

✓ Member of committee.



# Report on the audit of the consolidated and separate financial statements

for the year ended 31 March 2018

## TO THE SHAREHOLDERS OF NASPERS LIMITED

### OUR OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Naspers Limited (the Company) and its subsidiaries (together the Group) as at 31 March 2018, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

### What we have audited

Naspers Limited's consolidated and separate financial statements set out on pages 25 to 166 comprise:

- the consolidated and company statements of financial position as at 31 March 2018;
- the consolidated income statement for the year then ended;
- the consolidated and company statements of comprehensive income for the year then ended;
- the consolidated and company statements of changes in equity for the year then ended;
- the consolidated and company statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in *the Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Group in accordance with the *Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants *Code of Ethics for Professional Accountants* (Parts A and B).

### OUR AUDIT APPROACH

#### Overview

	<b>Overall group materiality</b> US\$127,700 000, which represents 5% of consolidated profit before tax adjusted for the significant once off gain on the partial disposal of 2% of Tencent Limited.
	<b>Group audit scope</b> The components that are in scope include the significant components of the Group. The main indicators used to identify significant components are revenue, profit before tax, total assets and total liabilities.
	<b>Key audit matters</b> <ol style="list-style-type: none"> <li>1. Impairment assessment of goodwill and intangible assets arising from business combinations.</li> <li>2. Valuation of share based compensation schemes and share-based payments.</li> <li>3. Accounting for equity accounted investments – Tencent Limited.</li> <li>4. Accounting treatment of current, deferred and other taxes.</li> <li>5. Change in accounting policy – Written put options.</li> </ol>

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.



# Report on the audit of the consolidated and separate financial statements

for the year ended 31 March 2018

## Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	US\$ 127,700,000
How we determined it	5% of consolidated profit before tax adjusted for the significant once off gain on the partial disposal of 2% of Tencent Limited, as per note 3.
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. Profit before tax was adjusted to remove significant once-off gains that are not reflective of the continuing operations of the Group. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies.

## How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Our scoping assessment included consideration of significant components as well as taking into consideration sufficiency of work performed over material line items in the financial statements.

The audits undertaken for group reporting purposes include the significant components of the group based on indicators such as the contribution to consolidated revenue, consolidated profit before tax, consolidated assets and consolidated liabilities. Significant components have been subjected to full scope audit procedures, whilst non-significant components have been subjected to either full scope audit procedures, review procedures or specified audit procedures based on the associated risk of the component. The group engagement team performed further audit and review procedures over the remaining balances and the consolidation process. In establishing the overall approach to the group audit, we determined the extent of the work that needed to be performed by us, as the group engagement team, or by component auditors from other PwC network firms, or non-PwC firms operating under our instruction, in order to issue our audit opinion on the consolidated financial statements of the group. Where the work was performed by component auditors, we determined the level of involvement necessary in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the group financial statements as a whole. Detailed group audit instructions were communicated to all components in scope and a comprehensive audit approach and strategy session was held for significant component teams before commencing their respective audits. Throughout the audit, various planning, execution and completion meetings and discussions were held with the teams of the significant components. We visited the component audit team responsible for the audit of Tencent Limited in China.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.





# Report on the audit of the consolidated and separate financial statements

for the year ended 31 March 2018

Key audit matter	How our audit addressed the key audit matter
<p><u>1. Impairment assessment of goodwill and intangible assets arising from business combinations.</u></p> <p>Due to the number of business combinations the Group enters into, the Group's net assets include a significant amount of goodwill and intangible assets. Some of the businesses that these balances relate to are still at an early stage in their lifecycle and as such, there is a risk that they may not trade in line with initial expectations and forecasts, resulting in the carrying amount of goodwill and intangible assets being impaired.</p> <p>Goodwill is tested annually for impairment or whenever there is an impairment indicator identified by management.</p> <p>Intangible assets are tested when an impairment indicator is identified.</p> <p>Management calculated the 'recoverable amount' relating to each individual cash generating unit based on 'value-in-use' by using discounted cash flow models as this is deemed to be the best valuation method for management's intended realization of the business value.</p> <p>The impairment assessment of goodwill and intangible assets was a matter of most significance to our audit due to the complexity and judgement involved regarding the future results of the relevant businesses, the discount rates applied to future cash flow forecasts and the terminal growth rates utilised by management.</p> <p>For further information refer to note 2 (accounting policies) and notes 5 and 6 (financial disclosures).</p>	<p>We have tested the mathematical accuracy of the valuation models through performing a recalculation of each valuation, and evaluated the appropriateness of the approach adopted by management in the valuation models by comparing the approach with market practice and the applicable requirements of IAS 36: Impairment of Assets, which was also agreed with our internal valuation experts.</p> <p>We assessed the Group's budgeting procedures (upon which forecasts are based) and agreed management's forecasts to the Board approved budgets of the relevant businesses. We compared and analysed the performance of the various businesses against the prior years, and discussions were held with management on the reasonability of the forecasts utilised in the valuations.</p> <p>We assessed the key inputs in the calculations by performing the following procedures:</p> <ol style="list-style-type: none"> <li>1. Comparing the terminal growth rates to long-term growth rates most reflective of the underlying Cash Generating Units operations, obtained from independent external sources; and</li> <li>2. Comparing the inputs to the weighted average cost of capital discount rate to independently obtained data such as the cost of debt, risk free rates in the market, market risk premiums, debt/equity ratios as well as the beta of comparable companies.</li> </ol> <p>With the assistance of our internal valuation experts we considered the appropriateness of the discount rates of the most sensitive discounted cash flow valuations.</p> <p>The terminal growth rates and discount rates of management were considered to be within an acceptable range of our independent calculations.</p> <p>To ascertain the maximum decline that would result in limited or no headroom between the value-in-use and the carrying value of the net assets of the business, we also performed independent sensitivity analyses around the key inputs such as the terminal growth rate, the discount rate and the significant assumptions included in the forecast cash flows for each business as discussed above. We compared our results with that of management in terms of identifying those businesses that are considered sensitive or for which the recording of an impairment charge was required.</p>
<p><u>2. Valuation of share based compensation schemes and share-based payments</u></p> <p>A number of equity compensation plans are used where share options / share appreciation rights (SARs) are granted to employees in the Group.</p> <p>Due to the size of the Group, the volume of share based transactions and the complexity surrounding the valuations,</p>	<p>We assessed the terms of all new share based compensation schemes and share based payment plans implemented in the current year as well as any changes to existing plans in terms of the guidance set forth in IFRS 2.</p> <p>We traced the share movements to relevant supporting documentation by:</p> <ol style="list-style-type: none"> <li>1. Agreeing the share option/right offers per the</li> </ol>



# Report on the audit of the consolidated and separate financial statements

for the year ended 31 March 2018

Key audit matter	How our audit addressed the key audit matter
<p>specifically the assumptions, judgements and estimates of the underlying businesses relating to each scheme, the valuation of share based compensation schemes and share based payments was a matter of most significance to the audit.</p> <p>The following share schemes were considered to be most significant in terms of their contribution to the total employee benefit expense recognised in the income statement:</p> <ul style="list-style-type: none"> <li>• MultiChoice Africa 2008</li> <li>• MIH Services FZ LLC</li> <li>• Naspers Global Ecommerce</li> <li>• Naspers Restricted Stock Plan (RSU)</li> <li>• Naspers Global Classifieds</li> </ul> <p>For further information refer to note 2 (accounting policy) and note 43 (financial disclosures).</p>	<p>calculation to trustee resolutions;</p> <ol style="list-style-type: none"> <li>2. Agreeing the share option/right sales per the calculation to sales requisitions;</li> <li>3. Agreeing share option/right forfeitures within the calculation to supporting documentation such as resignation or dismissal letters.</li> </ol> <p>We have tested the mathematical accuracy of the option valuation models through performing a recalculation of each valuation, and we evaluated whether the approach adopted by management in the option valuation models is in line with market practice. This was also agreed with our internal valuation experts.</p> <p>With the assistance of our internal valuation experts we assessed the key inputs in the option valuation calculation by performing the following procedures:</p> <ol style="list-style-type: none"> <li>1. Risk free rates were agreed to independently obtained data;</li> <li>2. Expected volatility rates for listed companies were agreed to independently obtained external data, and for unlisted companies it was agreed to volatility rates of comparable companies in the market;</li> <li>3. Dividend yields were assessed by agreeing the share price information to independently obtained data and recalculating the average historical dividend yield;</li> <li>4. Forfeitures rates were assessed for reasonability in terms of the three year history of forfeitures for each grant of the relevant share option/share appreciation right scheme.</li> </ol> <p>The key inputs listed above as obtained from management were considered to be within an acceptable range of our independent calculations.</p>
<p><u>3. Accounting for equity-accounted investments – Tencent Limited</u></p> <p>The Group holds significant equity accounted investments accounted for in terms of IAS 28, 'Investments in associates and joint ventures'.</p> <p>Not all equity accounted investments have year-ends that are coterminous with that of the Group. The Group's accounting policy is to account for an appropriate lag period in reporting on their results. Any significant transactions that occur between the equity accounted investments year-end and 31 March (the Group's year-end) are taken into account in the equity-accounted results of that equity accounted investment.</p> <p>Accounting for the equity accounted investment in Tencent was a matter of most significance due to the significant contribution of the associate investment to the consolidated results of the Group, the fact that the investment has a year-end that is not coterminous with that of the Group and due</p>	<p>We issued audit instructions to the component auditors of Tencent Limited. The instructions covered the significant audit areas that the Tencent auditors should focus on, as well as the information required to be reported back to the Group audit team.</p> <p>Throughout the audit, various planning, execution and completion meetings and discussions were held with the component auditors of Tencent Limited. We assessed the competence, knowledge and experience of our component audit team, and evaluated significant audit areas to assess the adequacy of the procedures performed in pursuit of our audit opinion. We visited the component audit team responsible for the audit of Tencent Limited in China.</p> <p>We obtained the equity accounted results and movements recorded by the Group and agreed them to the audited financial results of Tencent Limited. As Tencent Limited's year end is not coterminous with Naspers Limited, lag period adjustments and top level adjustments prepared by management were recalculated and assessed to be in line</p>



# Report on the audit of the consolidated and separate financial statements

for the year ended 31 March 2018

Key audit matter	How our audit addressed the key audit matter
<p>to the magnitude of the profit on the partial disposal of Tencent Limited.</p> <p>For further information refer to note 2 (accounting policy) and note 8 (financial disclosures).</p>	<p>with IFRS.</p> <p>We independently assessed the accounting policies of the associate to that of the Group to ensure consistency with the Group accounting policies and compliance with IFRS. Where differences were identified, these were adjusted to be in line with Naspers accounting policies.</p> <p>The calculation underlying the gain on partial disposal of the investment in Tencent was re-performed and agreed to external supporting documentation such as minutes of meetings of the board of directors, bank statements, the shareholder register and external public information.</p>
<p><u>4. Accounting treatment of current, deferred and other taxes</u></p> <p>The Group operates across many tax jurisdictions and due to the inherent nature of exposures in developing markets, specifically within Africa, the Group carries a significant amount of tax provisions and contingencies at year end. Management applies their judgement to estimate the potential exposure where the interpretation of the applicable tax laws and regulations could be subjective.</p> <p>The accounting treatment of current, deferred and other taxes was a matter of most significance to our audit due to the complexity and nature of these exposures, together with a significant level of management judgement involved in interpreting specific Acts or practices in determining the amounts of these liabilities.</p> <p>For further information refer to note 2 (accounting policy) and notes 11 and 32 (financial disclosures).</p>	<p>With the assistance of our International Tax specialists, we evaluated management's assessment of tax exposures relating to Withholding tax, Value-Added Tax, Permanent establishment exposure and other taxes.</p> <p>Meetings were held between our International Tax specialists and the Group's local territories' tax advisors and management to discuss the significant exposures and evaluate the reasonableness of management's conclusions. To corroborate management's assessment, we inspected the correspondence received by management from the tax authorities and the Group's legal advisors. Where required, we performed an independent recalculation of the tax exposures and the related deferred tax balances.</p>
<p><u>5. Change in accounting policy – Written put options</u></p> <p>The Group has over a number of years entered into written put option agreements with non-controlling shareholders that require the Group to purchase the non-controlling shares in the future based on the occurrence of certain events such as a request for an initial public offering of the business, a control event, or due to the passage of time (i.e. predetermined exercise period).</p> <p>The Group has an option to settle the written put options in respect of these agreements, either in cash or by issuing a variable number of shares in the Company.</p> <p>The Group's change in commercial intent to settle written put options in cash, rather than in shares of the Company, has prompted the group to change its current accounting policy and to now recognise the options as liabilities in the statement of financial position, at amounts reflecting the gross cash consideration payable on settlement.</p> <p>The Group historically accounted for the written put options as derivative financial instruments at a value of zero as all written put options are priced at fair market value.</p> <p>The Company now recognises the written put option</p>	<p>We assessed the appropriateness of the rationale for the change in accounting policy with reference to IAS 8. We also assessed the new accounting treatment adopted by management as a result of the change in policy relating to written put options in line with IAS 32.</p> <p>We reviewed and analysed the contractual arrangements of the written put option agreements to understand the key terms and to determine whether the Group's new accounting treatment is appropriate.</p> <p>We obtained an understanding of the Group's process for determining the valuation and disclosures of the written put options.</p> <p>We reviewed the following aspects in respect of management's discounted cash flow models to determine the gross consideration payable on settlement:</p> <ul style="list-style-type: none"> <li>- We have tested the mathematical accuracy of the valuation models through performing a recalculation of each valuation, and evaluated the appropriateness of the approach adopted by management in the valuation models by comparing the approach with market practice and through discussion with our internal valuation</li> </ul>



# Report on the audit of the consolidated and separate financial statements

for the year ended 31 March 2018

Key audit matter	How our audit addressed the key audit matter
<p>liabilities in the statement of financial position, with any subsequent changes in the value of the liabilities, recognised in the income statement.</p> <p>The written put options are valued based on the estimated redemption value of each contract. Management have determined the redemption value based on either:</p> <ul style="list-style-type: none"> <li>- Discounted Cash Flow valuation models; or</li> <li>- Observable market transactions (e.g. funding rounds and non-controlling interest buy-outs).</li> </ul> <p>The initial computation of the written put option liabilities and the subsequent valuations thereof was a matter of most significance to our audit due to the complexity and judgement involved regarding the future cash flow and results forecasts of the relevant businesses, the discount rates applied to those forecasts, and the terminal growth rates utilised by management.</p> <p>The following put option liabilities were considered most significant due to the magnitude and the sensitivity to changes in the key assumptions:</p> <ul style="list-style-type: none"> <li>- Avito Holding AB</li> <li>- Ambatana Holdings B.V.</li> <li>- letgo US BV</li> </ul> <p>For further information refer to note 2 (accounting policy) and note 23 (financial disclosures).</p>	<p>experts;</p> <ul style="list-style-type: none"> <li>- We assessed the key inputs in the calculations by comparing the terminal growth rates to long-term growth rates most reflective of the underlying operations, comparing the inputs to the weighted average cost of capital discount rate to independently obtained data such as the cost of debt, risk free rates in the market, market risk premiums, debt/equity ratios as well the beta of comparable companies. We further considered, with the assistance of our internal valuation experts, the appropriateness of the discount rates for the most significant put option liabilities;</li> <li>- We subjected the key assumptions to sensitivity analyses and management's assessment was within our reasonable range;</li> <li>- We assessed the Group's budgeting procedures (upon which forecasts are based) and agreed management's forecasts to the Board approved budgets of the relevant businesses. We compared and analysed the performance of the various businesses against prior years, and discussions were held with management on the reasonability of the forecasts utilised in the valuations; and</li> <li>- We have tested the mathematical accuracy of the written put option liabilities by recalculating the non-controlling shareholders' portion of the Discounted Cash Flow valuation.</li> </ul> <p>Where management have relied on observable market transactions to determine the gross consideration payable on settlement, we have performed the following procedures:</p> <ul style="list-style-type: none"> <li>- We traced the transaction value to supporting documents, such as the contractual sale agreements, bank statements, funding memorandums, share certificates and share capitalization tables;</li> <li>- We have tested the mathematical accuracy of the value of the business by recalculating the purchase price per share x the total shares of the business; and</li> </ul> <p>We have tested the mathematical accuracy of the written put option liability by recalculating the non-controlling shareholders' portion of the value of the business as determined above.</p>

## Separate financial statements:

We have determined that there are no key audit matters in respect of the separate financial statements.



# Report on the audit of the consolidated and separate financial statements

*for the year ended 31 March 2018*

## OTHER INFORMATION

The directors are responsible for the other information. The other information comprises information included in the Naspers Annual financial statements and the Integrated Annual Report that includes the Directors' report to shareholders, the Report of the audit committee and the Certificate by the company secretary as required by the Companies Act of South Africa. Other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.



# Report on the audit of the consolidated and separate financial statements

*for the year ended 31 March 2018*

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. (and a number of its predecessor firms) has been the auditor of Naspers Limited since the company's formation in 1915 (103 years).

PricewaterhouseCoopers Inc.  
Director: Brendan Deegan  
Registered Auditor  
Cape Town, South Africa  
22 June 2018





# Consolidated statement of financial position

as at 31 March 2018

	Notes	31 March		1 April
		2018	2017 Restated*	2016 Restated*
		US\$'m	US\$'m	US\$'m
<b>ASSETS</b>				
<b>Non-current assets</b>		<b>22 386</b>	16 291	13 486
Property, plant and equipment	4	1 638	1 638	1 443
Goodwill	5	2 607	2 442	2 818
Other intangible assets	6	1 143	1 104	1 190
Investments in associates	8	16 666	10 784	7 625
Investments in joint ventures	9	78	79	218
Investments and loans	10	115	82	57
Other receivables	15	21	32	20
Derivative financial instruments	40	1	2	-
Deferred taxation	11	117	128	115
<b>Current assets</b>		<b>13 065</b>	5 639	3 237
Inventory	13	231	154	194
Programme and film rights	12	240	193	160
Trade receivables	14	452	420	393
Other receivables	15	758	453	490
Related party receivables		4	3	1
Derivative financial instruments	40	11	6	59
Cash and cash equivalents	38	11 369	4 007	1 714
		<b>13 065</b>	5 236	3 011
Assets classified as held for sale	16	-	403	226
<b>TOTAL ASSETS</b>		<b>35 451</b>	21 930	16 723
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and reserves attributable to the group's equity holders</b>		<b>25 522</b>	12 856	8 771
Share capital and premium	18	4 965	4 944	4 965
Other reserves	19	425	(1 000)	(2 304)
Retained earnings	20	20 132	8 912	6 110
<b>Non-controlling interests</b>		<b>169</b>	286	379
<b>TOTAL EQUITY</b>		<b>25 691</b>	13 142	9 150
<b>Non-current liabilities</b>		<b>5 623</b>	5 349	5 118
Post-employment medical liability	21	30	14	13
Long-term liabilities	22	4 301	3 342	3 694
Other non-current liabilities	23	867	1 708	1 098
Provisions	24	9	7	7
Derivative financial instruments	40	157	13	20
Deferred taxation	11	259	265	286
<b>Current liabilities</b>		<b>4 137</b>	3 439	2 455
Current portion of long-term debt	22	280	915	227
Provisions	24	51	48	26
Trade payables		564	487	437
Accrued expenses and other current liabilities	25	3 062	1 768	1 595
Related party payables		17	7	4
Taxation payable		31	17	34
Dividends payable		2	4	3
Derivative financial instruments	40	129	119	31
Bank overdrafts and call loans	38	1	4	1
		<b>4 137</b>	3 369	2 358
Liabilities classified as held for sale	16	-	70	97
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>35 451</b>	21 930	16 723

The accompanying notes are an integral part of these consolidated annual financial statements.

\* Refer to note 2 for details of restatement.





# Consolidated income statement

for the year ended 31 March 2018

	Notes	31 March	
		2018 US\$'m	2017 Restated* US\$'m
<b>Revenue</b>	27	<b>6 660</b>	6 098
Cost of providing services and sale of goods	28	(4 025)	(3 574)
Selling, general and administration expenses	28	(2 786)	(2 827)
Other (losses)/gains - net	29	( 47)	( 57)
<b>Operating loss</b>		<b>( 198)</b>	( 360)
Interest received	30	88	70
Interest paid	30	( 267)	( 278)
Other finance (costs)/income - net	30	( 319)	( 899)
Share of equity-accounted results	8, 9	3 277	1 829
Impairment of equity-accounted investments	8, 9	( 46)	-
Dilution gains/(losses) on equity-accounted investments	8, 9	9 216	( 119)
(Losses)/gains on acquisitions and disposals	31	( 93)	2 169
<b>Profit before taxation</b>		<b>11 658</b>	2 412
Taxation	32	( 360)	( 244)
<b>Profit for the year</b>		<b>11 298</b>	2 168
<b>Attributable to:</b>			
Equity holders of the group		11 357	2 337
Non-controlling interests		( 59)	( 169)
		<b>11 298</b>	2 168
<b>Earnings per N ordinary share (US cents)</b>			
Basic	33	2 631	542
Diluted	33	2 612	535

The accompanying notes are an integral part of these consolidated annual financial statements.

\* Refer to note 2 for details of restatement.



# Consolidated statement of comprehensive income

for the year ended 31 March 2018

	Notes	31 March	
		2018	2017
		US\$m	Restated* US\$m
<b>Profit for the year</b>		<b>11 298</b>	2 168
<b>Other comprehensive income</b>			
<b>Foreign currency translation reserve<sup>(1)</sup></b>		<b>996</b>	322
Exchange gain arising on translating the net assets of foreign operations		<b>1 033</b>	322
Foreign currency translation reserve reclassified to the income statement		<b>( 37)</b>	-
<b>Fair-value losses<sup>(1)</sup></b>	19	<b>( 4)</b>	( 1)
Fair-value losses on available-for-sale investments		<b>( 4)</b>	( 1)
<b>Hedging reserve<sup>(1)</sup></b>	40	<b>( 85)</b>	( 73)
Net movement in hedging reserve		<b>( 98)</b>	( 85)
Net tax effect of movements in hedging reserve		<b>13</b>	12
<b>Share of equity-accounted investments' direct reserve movements</b>		<b>835</b>	1 293
Share-based compensation reserve		<b>361</b>	292
Valuation reserve <sup>(1)</sup>	19	<b>400</b>	805
Valuation reserve reclassified to the income statement	19	<b>( 106)</b>	-
Foreign currency translation reserve <sup>(1)</sup>		<b>180</b>	196
<b>Total other comprehensive income, net of tax, for the year</b>		<b>1 742</b>	1 541
<b>Total comprehensive income for the year</b>		<b>13 040</b>	3 709
<b>Attributable to:</b>			
Equity holders of the group		<b>13 025</b>	3 905
Non-controlling interests		<b>15</b>	( 196)
		<b>13 040</b>	3 709

<sup>(1)</sup> These components of other comprehensive income may subsequently be reclassified to the income statement during future reporting periods.

The accompanying notes are an integral part of these consolidated annual financial statements.

\* Refer to note 2 for details of restatement.



# Consolidated statement of changes in equity

for the year ended 31 March 2018

	Share capital and premium		Foreign currency translation reserve	Hedging reserve	Valuation reserve	Existing control business combination reserve	Share-based compensation reserve	Retained earnings	Shareholders' funds	Non-controlling interest	Total
	A shares US\$'m	N shares US\$'m	US\$'m	US\$'m	US\$'m	US\$'m	US\$'m	US\$'m	US\$'m	US\$'m	US\$'m
Balance at 1 April 2016	2	4 963	(2 476)	35	573	( 184)	1 231	6 110	10 254	400	10 654
Change in accounting policy (refer to note 2)	-	-	-	-	-	(1 484)	-	-	(1 484)	( 21)	(1 505)
Restated balance at 1 April 2016	2	4 963	(2 476)	35	573	(1 668)	1 231	6 110	8 770	379	9 149
Total comprehensive income for the year	-	-	537	( 65)	804	-	292	2 337	3 905	( 196)	3 709
Profit for the year	-	-	-	-	-	-	-	2 337	2 337	( 169)	2 168
Total other comprehensive income for the year	-	-	537	( 65)	804	-	292	-	1 568	( 27)	1 541
Share capital movements	-	56	-	-	-	-	-	-	56	-	56
Treasury share movements	-	( 77)	-	-	-	-	-	-	( 77)	-	( 77)
Share-based compensation movement	-	-	-	-	-	-	86	-	86	8	94
Transactions with non-controlling shareholders	-	-	-	-	-	16	-	-	16	211	227
Foreign exchange movements on equity reserves	-	-	( 10)	-	10	-	-	-	-	-	-
Direct retained earnings and other movements	-	-	97	-	-	-	( 462)	623	258	-	258
Dividends	-	-	-	-	-	-	-	( 158)	( 158)	( 116)	( 274)
Balance at 31 March 2017 (restated)	2	4 942	(1 852)	( 30)	1 387	(1 652)	1 147	8 912	12 856	286	13 142
Balance at 1 April 2017 (restated)	2	4 942	(1 852)	( 30)	1 387	(1 652)	1 147	8 912	12 856	286	13 142
Total comprehensive income for the year	-	-	1 093	( 76)	290	-	361	11 357	13 025	15	13 040
Profit for the year	-	-	-	-	-	-	-	11 357	11 357	( 59)	11 298
Total other comprehensive income for the year	-	-	1 093	( 76)	290	-	361	-	1 668	74	1 742
Share capital movements	-	85	-	-	-	-	-	-	85	-	85
Treasury share movements	-	( 64)	-	-	-	-	-	-	( 64)	-	( 64)
Share-based compensation movement	-	-	-	-	-	-	75	-	75	-	75
Transactions with non-controlling shareholders	-	-	-	-	-	( 195)	-	-	( 195)	21	( 174)
Foreign exchange movements on equity reserves	-	-	( 2)	-	2	-	-	-	-	-	-
Direct retained earnings and other movements	-	-	-	-	-	-	( 123)	125	2	-	2
Dividends	-	-	-	-	-	-	-	( 262)	( 262)	( 153)	( 415)
Balance at 31 March 2018	2	4 963	( 761)	( 106)	1 679	(1 847)	1 460	20 132	25 522	169	25 691

The accompanying notes are an integral part of these consolidated annual financial statements.



# Consolidated statement of cash flows

for the year ended 31 March 2018

		31 March	
	Notes	2018 US\$'m	2017 US\$'m
<b>Cash flows from operating activities</b>			
Cash from operations	34	141	294
Dividends received from investments and equity-accounted companies		251	193
<b>Cash generated from operating activities</b>		<b>392</b>	<b>487</b>
Interest income received		81	63
Interest costs paid		( 240)	( 257)
Taxation paid		( 391)	( 333)
<b>Net cash utilised in from operating activities</b>		<b>( 158)</b>	<b>( 40)</b>
<b>Cash flows from investing activities</b>			
Property, plant and equipment acquired		( 133)	( 152)
Proceeds from sale of property, plant and equipment		20	10
Intangible assets acquired		( 26)	( 32)
Proceeds from sale of intangible assets		1	1
Acquisitions of subsidiaries and businesses, net of cash acquired	35	( 16)	( 140)
Disposals of subsidiaries and businesses	36	40	3 383
Acquisition of associates	37	( 707)	( 216)
Partial disposals of associates		9 763	-
Additional investment in existing associates	37	(1 217)	( 16)
Acquisition of joint ventures	37	-	( 11)
Additional investments in existing joint ventures	37	( 17)	( 14)
Disposal of joint ventures		138	-
Cash movement in other investments and loans		7	1
<b>Net cash generated from investing activities</b>		<b>7 853</b>	<b>2 814</b>
<b>Cash flows from financing activities</b>			
Proceeds from long- and short-term loans raised		1 124	584
Repayments of long- and short-term loans		( 827)	( 602)
Additional investments in existing subsidiaries		( 219)	( 114)
Repayments of capitalised finance lease liabilities		( 52)	( 60)
Outflow from share-based compensation transactions		( 22)	( 36)
Transactions with non-controlling shareholders		( 48)	98
Dividends paid by subsidiaries to non-controlling shareholders		( 159)	( 118)
Dividend paid by holding company		( 185)	( 163)
<b>Net cash utilised in financing activities</b>		<b>( 388)</b>	<b>( 411)</b>
Net movement in cash and cash equivalents		<b>7 307</b>	<b>2 363</b>
Foreign exchange translation adjustments on cash and cash equivalents		58	( 50)
Cash and cash equivalents at the beginning of the year		<b>4 003</b>	<b>1 713</b>
Cash and cash equivalents classified as held for sale	16	-	( 23)
<b>Cash and cash equivalents at the end of the year</b>	<b>38</b>	<b>11 368</b>	<b>4 003</b>

The accompanying notes are an integral part of these consolidated annual financial statements.



# Notes to the consolidated annual financial statements

for the year ended 31 March 2018

## 1. NATURE OF OPERATIONS

Naspers Limited (Naspers) is a global internet and entertainment group and one of the largest technology investors in the world. Founded in 1915, the group now operates in more than 120 countries and markets with long-term growth potential, Naspers builds leading companies that empower people and enrich communities. It runs some of the world's leading platforms in internet, video entertainment and media.

## 2. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated and separate annual financial statements are set out below. These accounting policies have been consistently applied to all years presented, except as outlined in paragraph (v) of this note.

The consolidated and separate annual financial statements of the group are presented in accordance with, and comply with International Financial Reporting Standards (IFRS) and interpretations of those standards as issued by the International Accounting Standards Board (IASB) and effective at the time of preparing these financial statements, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act No 71 of 2008. The consolidated and separate annual financial statements are prepared using the historic cost convention apart from certain financial instruments (including derivative instruments) and cash-settled share-based payment schemes stated at fair value.

### *Accounting judgements and sources of estimation uncertainty*

The preparation of the consolidated and separate annual financial statements necessitates the use of estimates, assumptions and judgements by management. These estimates and assumptions affect the reported amounts of assets, liabilities and contingent assets and liabilities at the statement of financial position date as well as the reported income and expenses for the year. Although estimates are based on management's best knowledge and judgement of current facts as at the statement of financial position date, the actual outcome may differ from these estimates.

Estimates are made regarding the fair value of intangible assets recognised in business combinations; impairment of property, plant and equipment (refer to note 4); goodwill (refer to note 5); other intangible assets (refer to note 6); financial assets carried at amortised cost and other assets (refer to note 14); the remeasurements required in business combinations and disposals of associates, joint ventures and subsidiaries (refer to note 29); the valuation and remeasurement of written put option liabilities (refer to note 23); taxation (refer to note 33) and equity compensation benefits (refer to note 44). Where relevant, the group has provided sensitivity analyses demonstrating the impact of changes in key estimates and assumptions on reported results.

The following accounting judgements had the most significant impact on the consolidated annual financial statements:

### *Lag periods applied when reporting results of equity-accounted investments*

Where the reporting periods of associates and joint ventures (equity-accounted investments) are not coterminous with that of the group and it is impracticable for the relevant equity-accounted investee to prepare financial statements as of 31 March, the group applies an appropriate lag period of not more than three months in reporting the results of the investees. Any significant transactions that occur between the non-coterminous reporting periods are adjusted for. The group exercises significant judgement when determining the transactions and events for which adjustments are made.

### *Accounting for written put option liabilities*

The group accounts for all written put options as liabilities equal to the present value of the expected redemption amount payable in the statement of financial position. This applies regardless of whether the group has the discretion to settle in its own equity instruments. The group previously accounted for these instruments as derivative financial liabilities. Refer to paragraph (v) of this note for further information.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### (a) Basis of consolidation

The consolidated annual financial statements include the results of Naspers Limited and its subsidiaries, associated companies and joint ventures.

#### ***Subsidiaries***

Subsidiaries are entities over which the group has control. The existence and effect of potential voting rights are considered when assessing whether the group controls another entity to the extent that those rights are substantive. Subsidiaries are consolidated from the date on which control is obtained (acquisition date) up to the date control ceases. For certain entities, the group has entered into contractual arrangements which allow the group to control such entities. Because the group controls such entities, they are consolidated in the consolidated annual financial statements.

Intergroup transactions, balances and unrealised gains and losses are eliminated on consolidation.

#### ***Business combinations***

Business combinations are accounted for using the acquisition method. The consideration transferred in an acquisition of a business (acquiree) comprises the fair values of the assets transferred, the liabilities assumed, the equity interests issued by the group and the fair value of any contingent consideration arrangements. If the contingent consideration is classified as equity, it is not subsequently remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of contingent consideration are recognised in the income statement.

For each business combination, the group measures the non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Where a business combination is achieved in stages, the group's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through the income statement. The fair value of the group's previously held equity interest forms part of the consideration transferred in the business combination at the acquisition date.

When a selling shareholder is required to remain in the group's employment subsequent to a business combination, any retention agreements are recognised as employee benefit arrangements and dealt with in terms of the accounting policy for employee or equity compensation benefits.

#### ***Goodwill***

Goodwill in a business combination is recognised at the acquisition date when the consideration transferred and the recognised amount of non-controlling interests exceeds the fair value of the net identifiable assets of the entity acquired. If the consideration transferred is lower than the fair value of the identifiable net assets of the acquiree (a bargain purchase), the difference is recognised in the income statement. The gain or loss arising on the disposal of an entity is calculated after consideration of attributable goodwill.

#### ***Transactions with non-controlling shareholders***

Non-controlling shareholders are equity participants of the group and all transactions with non-controlling shareholders are therefore accounted for as equity transactions and included in the statement of changes in equity. In transactions with non-controlling shareholders, any excess of the cost/proceeds of the transaction over the group's proportionate share of the net asset value acquired/disposed is allocated to the "Existing control business combination reserve" in equity.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### (a) Basis of consolidation (continued)

#### **Associates and joint ventures**

Investments in associated companies (associates) and joint ventures are accounted for in terms of the equity method.

Associates are entities over which the group exercises significant influence, but which it does not control or jointly control. Joint ventures are arrangements in which the group contractually shares control over an activity with others and in which the parties have rights to the net assets of the arrangement.

Most major foreign associates and joint ventures do not have year-ends that are coterminous with that of the group, and the group's accounting policy is to account for an appropriate lag period in reporting their results. Any significant transactions occurring between the investees' and the group's March year-end are taken into account.

Unrealised gains or losses on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in the relevant associate or joint venture, except where the loss is indicative of impairment of assets transferred.

Where an associate or joint venture holds equity in the group, the carrying amount of the investment in the associate or joint venture is adjusted by an amount representing the group's indirect holding in its own equity because of the cross-holding. An equivalent adjustment is made to the equity of the group as treasury shares. The amount of the group's share of the associate's or joint venture's results is determined after eliminating, from the associate's or joint venture's results, any income or dividends received by the associate or joint venture from the group.

The group's share of other comprehensive income and other changes in net assets of associates and joint ventures is recognised in the statement of comprehensive income.

#### **Business combinations**

For acquisitions of associates and joint ventures achieved in stages, the group measures the cost of its investment as the sum of the consideration paid for each purchase plus a share of the investee's profits and other equity movements. Any other comprehensive income recognised in prior periods in relation to the previously held stake in investee is reversed through equity and a share of profits and other equity movements is also recorded in equity. Acquisition-related costs form part of the investment in the associate or joint venture.

When the group increases its shareholding in an associate or joint venture and continues to exercise significant influence or to exert joint control over the investee, the cost of the additional investment is added to the carrying value of the investee. The acquired share in the investee's identifiable net assets, as well as any goodwill arising, is calculated using fair-value information at the date of acquiring the additional interest. Goodwill is included in the carrying value of the investment in the associate or joint venture.

Partial disposals of associates and joint ventures that do not result in a loss of significant influence or joint control are accounted for as dilutions. Dilution gains and losses are recognised in the income statement. The group's proportionate share of gains or losses previously recognised in other comprehensive income by associates and joint ventures are reclassified to the income statement when a dilution occurs.

Each associate and joint venture is assessed for impairment on an annual basis as a single asset. If impaired, the carrying value of the group's investment in the associate or joint venture is adjusted to its recoverable amount and the resulting impairment loss is included in "Impairment of equity-accounted investments" in the income statement.

#### **Disposals**

When the group ceases to have control (subsidiaries), exercise significant influence (associates) or exert joint control (joint ventures), any retained interest is remeasured to its fair value, with the change in the carrying value recognised in the income statement. This fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest. In addition, any amounts previously recognised in other comprehensive income in respect of the entity disposed are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the income statement.





# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### (a) Basis of consolidation (continued)

#### *Disposals (continued)*

Where the group contributes a non-monetary asset (including a business) to an investee in exchange for an interest in that investee that is equity-accounted, the gain or loss arising on the remeasurement of the contributed non-monetary asset to fair value is recognised in the income statement only to the extent of other parties' interests in the investee. The gain or loss is eliminated against the carrying value of the investment in the associate or joint venture to the extent of the group's interest.

### (b) Financial assets

The group classifies its investments in debt and equity securities into financial assets at fair value through profit or loss, available-for-sale financial assets and loans and receivables. The classification is dependent on the purpose for which the investments were acquired. Management determines the classification of its investments at the time of initial recognition and, where required, re-evaluates such designation on an annual basis.

All financial assets at fair value through profit or loss are classified as held for trading and are derivative financial instruments. A financial asset is classified into this category at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short-term profit-taking, or, if permitted to do so, designated by management. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any other financial instrument category. The group has classified equity investments that are not held for trading in this category.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the group intends to sell in the short term or that it has designated as at fair value through profit or loss or available for sale. The group has classified loans, certain preference share investments as well as trade and other receivables in this category.

Financial assets are presented as non-current assets, except for those with maturities within 12 months from the statement of financial position date, which are classified as current assets.

Purchases and sales of financial assets are recognised on the trade date, which is the date that the group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus, in the case of financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to their acquisition.

At fair value through profit or loss and available-for-sale financial assets are subsequently carried at fair value with changes in fair value recognised in the income statement and statement of comprehensive income, respectively. Refer to note 40 for the group's fair-value measurement methodology regarding financial assets.

Loans and receivables are carried at amortised cost after initial recognition using the effective interest method.

The group assesses, at each statement of financial position date, or earlier when such assessment is prompted, whether there is objective evidence that a financial asset or group of financial assets may be impaired. If any such evidence exists, the amount of any impairment loss is established as outlined below.

For loans and receivables, the impairment loss is measured as the difference between the financial asset's carrying amount and the present value of its estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced directly through the income statement for impairment losses that can be attributed to an individual financial asset and via an allowance account for impairment losses relating to a group of financial assets. An impairment loss recognised on a financial asset in a previous reporting period is reversed through the income statement if the estimates used to calculate the recoverable amount have changed since the previous impairment loss was recognised.

Where available-for-sale financial assets are impaired, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to the income statement.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### (b) Financial assets (continued)

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or where they have been transferred and the group has also transferred substantially all risks and rewards of ownership.

Financial assets are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to realise the asset and settle a related financial liability simultaneously.

### (c) Financial liabilities

The group classifies its financial liabilities into financial liabilities at fair value through profit or loss, other financial liabilities and written put option liabilities. Financial liabilities are recognised when the group becomes party to the contractual provisions of the relevant instrument.

All financial liabilities at fair value through profit or loss are derivative financial instruments and are accordingly classified as held for trading. Financial liabilities at fair value through profit or loss are initially recognised at fair value, excluding transactions costs, and are subsequently carried at fair value with changes in fair value recognised in the income statement.

Other financial liabilities comprise trade and other payables and borrowings. Other financial liabilities are initially recognised at fair value, net of transaction costs, and are subsequently carried at amortised cost using the effective interest method.

Written put option liabilities represent contracts that impose (or may potentially impose) an obligation on the group to purchase its own equity instruments (including the shares of a subsidiary) for cash or another financial asset. Written put option liabilities are initially raised from the "Existing control business combination reserve" in equity at the present value of the expected redemption amount payable. Subsequent revisions to the expected redemption amount payable as well as the unwinding of the discount related to the measurement of the present value of the written put option liability, are recognised in "Other finance (costs)/income – net" in the income statement. Where a written put option liability expires unexercised or is cancelled, the carrying value of the financial liability is reclassified to the "Existing control business combination reserve" in equity.

Written put options that provide the group with the discretion to settle its obligations in the group's own equity instruments (including the shares of a subsidiary) are also accounted for as outlined above. Refer to paragraph (v) of this note for the group's change in accounting policy during the current year in this regard.

Written put option liabilities are presented within "Other liabilities" in the statement of financial position.

Financial liabilities are presented as current liabilities if payment is due or could be demanded within 12 months (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis. Financial liabilities are derecognised when the contractual obligation is discharged, cancelled or when it expires.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### (d) Financial instruments used for hedge accounting

The group uses derivative financial instruments (derivatives) to reduce exposure to fluctuations in foreign currency exchange rates and interest rates. These instruments mainly comprise forward exchange contracts and interest rate (including cross currency) swap agreements. Forward exchange contracts protect the group from movements in exchange rates by fixing the rate at which a foreign currency asset or liability will be settled. Interest rate swap agreements protect the group from movements in interest and foreign exchange rates.

The group documents, at inception of hedging transactions, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives used in hedging transactions are expected to be and have been highly effective in offsetting changes in fair values or cash flows of hedged items. The fair values of derivatives used for hedging purposes are disclosed in note 42.

The method of recognising the resulting gain or loss arising on remeasurement of derivatives used for hedging is dependent on the nature of the item being hedged. The group designates a derivative as either a hedge of the fair value of a recognised asset, liability or firm commitment (fair value hedge), or a hedge of a forecast transaction or of the foreign currency risk of a firm commitment (cash flow hedge). The group also designates certain derivatives as hedges of the group's net investments in its foreign operations (cash flow hedges).

Changes in the fair value of derivatives that are designated, and qualify, as fair value hedges are recorded in the income statement, along with changes in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Changes in the fair value of derivatives that are designated, and qualify, as cash flow hedges and that are highly effective are recognised in other comprehensive income and the ineffective part of the hedge is recognised in the income statement. Where the forecast transaction or firm commitment, of which the foreign currency risk is being hedged, results in the recognition of a non-financial asset or liability, the gains and losses previously deferred in other comprehensive income are transferred from other comprehensive income and included in the initial measurement of the cost of such asset or liability. Otherwise, amounts deferred in other comprehensive income are transferred to the income statement and classified as income or expense in the same periods during which the hedged transaction affects the income statement.

Certain derivative transactions, while providing effective economic hedges under the group's risk management policies, do not qualify for hedge accounting. Changes in the fair value of derivatives that do not qualify for hedge accounting are recognised immediately in the income statement.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income and is recognised when the committed or forecast transaction ultimately is recognised in the income statement. When a committed or forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately reclassified to the income statement.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### (e) Property, plant and equipment

Property, plant and equipment are stated at cost, being the purchase cost plus any cost to prepare the assets for their intended use, less accumulated depreciation and any accumulated impairment losses. Cost includes transfers from equity of any gains/losses on qualifying cash flow hedges relating to foreign currency property, plant and equipment acquisitions. Property, plant and equipment, with the exception of land, are depreciated in equal annual amounts over each asset's estimated useful life to their residual values. Land is not depreciated as it is deemed to have an indefinite life.

Depreciation periods vary in accordance with the conditions in the relevant industries, but are subject to the following range of useful lives:

Buildings	1 to 50 years
Manufacturing equipment	2 to 25 years
Office equipment	2 to 25 years
Improvements to buildings	5 to 50 years
Computer equipment	1 to 10 years
Vehicles	2 to 10 years
Transmission equipment	5 to 20 years

Where parts of property, plant and equipment require replacement at regular intervals, the carrying value of an item of property, plant and equipment includes the cost of replacing the part when that cost is incurred, if it is probable that future economic benefits will flow to the group and the cost can be reliably measured. The carrying values of the parts replaced are derecognised on capitalisation of the cost of the replacement part. Each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately where it has an estimated useful life that differs from that of the item as a whole.

Major leasehold improvements are amortised over the shorter of the respective lease terms and estimated useful lives.

Subsequent costs, including major renovations, are included in an asset's carrying value or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. Repairs and maintenance are charged to the income statement.

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at each statement of financial position date. Gains and losses on disposals are determined by comparing the proceeds to the asset's carrying value and are recognised in "Other (losses)/gains – net" in the income statement.

Work in progress are assets still in the construction phase and not yet available for use. These assets are carried at cost and are not depreciated. Depreciation commences once the assets are available for use as intended by management.

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of those assets. All other borrowing costs are expensed as incurred. A qualifying asset is an asset that takes more than a year to get ready for its intended use.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### (f) Leased assets

#### *Finance leases*

Leases of property, plant and equipment are classified as finance leases where substantially all risks and rewards associated with ownership are transferred to the group as lessee. Assets under finance leases are capitalised at the lower of fair value and the present value of the minimum lease payments, with the related lease obligation recognised at an equivalent amount. The interest rate implicit in the lease or, where this cannot be reliably determined, the group's incremental borrowing rate is used to calculate the present values of minimum lease payments. Capitalised leased assets are depreciated over their estimated useful lives, limited to the duration of the lease agreement. Each lease payment is allocated between the lease obligation and finance charges. The corresponding lease obligations, net of finance charges, are included in long-term liabilities or current portion of long-term debt. The interest element of the minimum lease payments is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

#### *Operating leases*

Leases of assets under which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Operating lease rentals (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

### (g) Intangible assets

Intangible assets acquired are capitalised at cost. Intangible assets with finite useful lives are amortised using the straight-line method over their estimated useful lives. The useful lives and residual values of intangible assets are reassessed on an annual basis.

Amortisation periods for intangible assets with finite useful lives vary in accordance with the conditions in the relevant industries, but are subject to the following maximum limits:

Patents	5 years
Title rights	10 years
Brand names and trademarks	30 years
Software	10 years
Intellectual property rights	30 years
Customer-related assets	11 years

No value is attributed to internally developed trademarks or similar rights and assets. The costs incurred to develop these items are charged to the income statement as incurred.

Costs that are directly associated with the production of identifiable and unique software products controlled by the group, and which will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development team's employee costs and an appropriate portion of relevant overheads. All other costs associated with developing or maintaining software programmes are expensed as incurred.

Web and application (app) development costs are capitalised as intangible assets if it is probable that the expected future economic benefits attributable to the asset will flow to the group and its cost can be measured reliably, otherwise these costs are expensed as incurred.

Research expenditure is expensed as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets if the costs can be measured reliably, the products or processes are technically and commercially feasible, future economic benefits are probable, and the group intends to and has sufficient resources to complete development and to use or sell the asset. Development costs that do not meet these criteria are expensed as incurred.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### (g) Intangible assets (continued)

Work in progress are assets still in the development phase and not yet available for use. These assets are carried at cost and are not amortised but are tested for impairment at each reporting date. Amortisation commences once the assets are available for use as intended by management.

### (h) Programme and film rights

#### *Programme material rights*

Purchased programme and film rights are stated at cost less accumulated amortisation. Programme material rights, which consist of the rights to broadcast programmes, series and films, are recorded at the date the rights come into license at the spot exchange rates on the purchase date. The rights are amortised to the income statement based on contracted screenings or expensed where management has confirmed that no further screenings will occur.

Programme material rights contracted by the reporting date but not yet in license are disclosed as commitments.

#### *Programme production costs*

Programme production costs, which consist of all costs necessary to produce and complete a programme to be broadcast, are recorded at the lower of cost and net realisable value. Net realisable value is set at the average cost of programme material rights.

Programme production costs are amortised to the income statement based on contracted screenings or expensed where management has confirmed that no further screenings will occur.

All programme production costs in excess of the expected net realisable value of the production on completion, are expensed when contracted.

#### *Sports events rights*

Sports events rights are recorded at the event commencement date at the rate of exchange ruling at that date. These rights are amortised to the income statement over the period to which the events relate or expensed where management has confirmed that the event will not be screened.

Rights to future sports events contracted by the reporting date, but which have not yet commenced, are disclosed as commitments, except where payments have already been made, which are shown as prepaid expenses.

### (i) Impairment of non-financial assets

#### *Goodwill and intangible assets with indefinite useful lives*

Goodwill and intangible assets with indefinite useful lives are tested annually for impairment and carried at cost less accumulated impairment losses.

Goodwill and intangible assets with indefinite useful lives are allocated to cash-generating units for purposes of impairment testing. An impairment test is performed by determining the recoverable amount of the cash-generating unit to which the goodwill or intangible assets with indefinite useful lives relates. The recoverable amount of a cash-generating unit or individual asset is the higher of its value in use and its fair value less costs of disposal. Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in "Other gains/(losses) – net" in the income statement. Impairment losses recognised on goodwill are not reversed in subsequent periods.

#### *Other intangible assets and property, plant and equipment*

Other intangible assets (with finite useful lives) and items of property, plant and equipment are reviewed for indicators of impairment at least annually. Indicators of impairment include, but are not limited to: significant underperformance relative to expectations based on historical or projected future operating results, significant changes in the manner of use of the assets or the strategy for the group's overall business and significant negative industry or economic trends.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### (i) Impairment of non-financial assets (continued)

#### ***Other intangible assets and property, plant and equipment (continued)***

Intangible assets still in the development phase, and not yet available for use (work in progress), are tested for impairment on an annual basis.

An impairment loss is recognised in “Other (losses)/gains – net” in the income statement when the carrying amount of an asset exceeds its recoverable amount.

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Fair value less costs of disposal is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date less the incremental costs directly attributable to the disposal of an asset or cash-generating unit, excluding finance costs and income tax expense.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows that are largely independent of the cash inflows of other assets or groups of assets (a cash generating unit level).

An impairment loss recognised for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised and the revised recoverable amount exceeds the carrying amount. The reversal of such an impairment loss is recognised in “Other (losses)/gains – net” in the income statement.

### (j) Inventory

Inventory is stated at the lower of cost and net realisable value. The cost of inventory is determined by means of the weighted average method.

The cost of finished products and work in progress comprises raw materials, direct labour, other direct costs and related production overheads, but excludes finance costs. Costs of inventories include the transfer from other comprehensive income of any gains/losses on qualifying cash flow hedges relating to foreign currency denominated inventory purchases. Net realisable value is the estimate of the selling price, less the costs of completion and selling expenses. Allowances are made for obsolete, unusable and unsaleable inventory and for latent damage first revealed when inventory items are taken into use or offered for sale.

### (k) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at fair value which equals the cost or face value of the asset. Cash and cash equivalents comprise cash on hand and deposits held at call with banks. Certain cash balances are restricted from immediate use according to terms with banks or other financial institutions. For purposes of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

### (l) Provisions

Provisions are obligations of the group where the timing or amount (or both) of the obligation is uncertain.

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.





# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### (l) Provisions (continued)

The group recognises a provision relating to its estimated exposure on all products still under warranty at the statement of financial position date. A provision for onerous contracts is established when the expected benefits to be derived under a contract are less than the unavoidable costs of fulfilling the contract. Restructuring provisions are recognised in the period in which the group becomes legally or constructively committed to a formal restructuring plan.

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is determined by discounting the anticipated future cash flows expected to be required to settle the obligation at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense in the income statement.

### (m) Taxation

#### ***Tax expense***

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In such cases, the related tax is also recognised in other comprehensive income or directly in equity, respectively.

#### ***Current income tax***

The normal South African company tax rate applied for the year ending 31 March 2018 is 28% (2017: 28%). The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities. International tax rates vary from jurisdiction to jurisdiction.

#### ***Deferred taxation***

Deferred tax assets and liabilities for South African entities at 31 March 2018 have been calculated using the 28% (2017: 28%) tax rate, and for other entities using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date, being the rates the group expects to apply to the periods in which the assets are realised or the liabilities are settled. Deferred taxation is provided on the taxable or deductible temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction, other than a business combination, that, at the time of the transaction, affects neither the accounting nor the taxable profit or loss. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which deductible temporary differences and unused tax losses can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

#### ***Withholding tax on dividends***

Dividends paid on or after 22 February 2017 by Naspers Limited to shareholders that are not exempted from dividends withholding tax under South African tax law are subject to dividend withholding tax at a rate of 20%. Dividends paid prior to this date are subject to dividend withholding tax at a rate of 15%.

### (n) Foreign currencies

The consolidated annual financial statements are presented in US dollar (US\$) which is the group's presentation currency. The company's functional currency is the South African rand (R). However, the group measures the transactions of its operations using the functional currency determined for that specific entity, which in most instances, is the currency of the primary economic environment in which the operation conducts its business.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### (n) Foreign currencies (continued)

#### **Foreign currency transactions**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or the dates of the valuations where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as part of qualifying cash flow hedges.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair-value gain or loss recognised in the income statement. Translation differences on non-monetary equity investments classified as available for sale are included in the valuation reserve in other comprehensive income as part of the fair-value remeasurement of such items.

#### **Foreign operations**

The results and financial position of all group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency that is different from the group's presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the reporting date.
- Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the spot rate on the dates of the transactions).
- Components of equity are translated at the historic rate.
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the "Foreign currency translation reserve" in the statement of changes in equity.

The group recognises foreign exchange differences relating to monetary items that form part of its net investment in its foreign operations in other comprehensive income where settlement of the item is neither planned nor likely to take place in the foreseeable future.

When a foreign operation is disposed of, the accumulated foreign exchange differences are reclassified to the income statement, as part of the gain or loss on sale.

### (o) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the group's activities. Revenue is shown net of value-added tax (VAT), returns, rebates and discounts.

The group recognises revenue when the amount can be reliably measured, it is probable that future economic benefits will flow to the group and when specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

#### **Ecommerce**

Ecommerce revenue represents amounts receivable for goods sold and services rendered. Revenue for goods sold is recognised when the significant risks and rewards of ownership has transferred to the buyer. The group recognises listing and related fees on listing of an item for sale and success fees and any other relevant commission when a transaction is completed on the group's websites. A transaction is considered successfully concluded when, in the case of an auction, at least one buyer has bid above the seller's specified minimum price or reserve price, whichever is higher, at the end of the transaction term. Payment transaction revenues are recognised once the transaction is completed and is based on the applicable fee for each transaction performed.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### (o) Revenue recognition (continued)

#### **Subscription fees**

Video-entertainment and internet subscription fees are earned over the period during which the services are provided. Subscription revenue arises from the monthly billing of subscribers for video-entertainment and internet services provided by the group. Revenue is recognised in the month during which the service is rendered. Any subscription revenue received in advance is recorded as deferred income and recognised in the month the service is provided.

#### **Hardware sales**

Hardware sales relate mainly to the sale of set-top boxes in the video-entertainment segment. Revenue is recognised upon customer acceptance.

#### **Advertising revenues**

The group mainly derives advertising revenues from advertisements published in its newspapers and magazines, broadcast on its video-entertainment platforms and shown online on its websites and instant-messaging windows. Advertising revenues from video-entertainment and print media products are recognised upon showing or publication over the period of the advertising contract. Publication is regarded to be when the print media product has been delivered to the retailer and is available to be purchased by the general public. Online advertising revenues are recognised over the period in which the advertisements are displayed.

#### **Technology contracts and licensing**

For contracts with multiple obligations (eg maintenance and other services), revenue from product licences is recognised when delivery has occurred, collection of the receivable is probable, and the revenue associated with delivered and undelivered elements can be reliably measured.

The group recognises revenue allocated to maintenance and support fees, for ongoing customer support and product updates, rateably over the period of the relevant contracts. Payments for maintenance and support fees are generally made in advance and are non-refundable. For revenue allocated to consulting services and for consulting services sold separately, the group recognises revenue as the related services are performed.

The group enters into arrangements with network operators whereby application software is licensed to network operators in exchange for a percentage of the subscription revenue they earn from their customers. Where all of the software under the arrangement has been delivered, the revenue is recognised as the network operator reports to the group its revenue share, which is generally done on a quarterly basis. Under arrangements where the group has committed to deliver unspecified future applications, the revenue earned on the delivered applications is recognised on a subscription basis over the term of the arrangement.

#### **Printing and distribution**

Revenues from print and distribution services are recognised upon completion of the services and delivery of the related product and customer acceptance. The recognition of print services revenue is based upon delivery of the product to the distribution depot and acceptance by the distributor of the customer, or, where the customer is responsible for the transport of the customers' products, acceptance by the customer or its nominated transport company. Revenues from distribution services are recognised upon delivery of the product to the retailer and acceptance thereof.

Print and distribution services are separately provided by different entities within the group and separately contracted for by customers. Where these services are provided to the same client, the terms of each separate contract are consistent with contracts where an unrelated party provides one of the services. Revenue is recognised separately for print and distribution services as the contracts are separately negotiated based on fair value for each service.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### (o) Revenue recognition (continued)

#### *Circulation revenue*

Circulation revenue is recognised in the month in which the magazine or newspaper is sold.

#### *Book publishing and book sales*

Sales are recognised upon delivery of products and customer acceptance.

#### *Decoder maintenance*

Decoder maintenance revenue is recognised over the period the service is provided.

#### *Contract publishing*

Revenue relating to any particular publication is brought into account in the month that it is published.

### (p) Employee benefits

#### *Retirement benefits*

The group provides retirement benefits to its full-time employees, primarily by means of monthly contributions to a number of defined contribution pension and provident funds. The assets of these funds are generally held in separate trustee administered funds. The group's contributions to retirement funds are recognised as an expense in the period in which employees render the related service.

#### *Medical aid benefits*

The group's contributions to medical aid benefit funds for employees are recognised as an expense in the period in which the employees render services to the group.

#### *Post-employment medical aid benefits*

Some group companies provide post-employment healthcare benefits to their retirees. The entitlement to post-employment healthcare benefits is subject to the employee remaining in service up to retirement age and completing a minimum service period. The expected costs of these benefits are accrued over the minimum service period. Independent actuaries carry out annual valuations of these obligations. All remeasurements resulting from experience adjustments and changes in actuarial assumptions are recognised immediately in other comprehensive income. These obligations are unfunded.

#### *Termination benefits*

The group recognises termination benefits when it is demonstrably committed to either terminate the employment of employees before the normal retirement date, or provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Where termination benefits fall due more than 12 months after the reporting period, they are discounted. In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits is based on the number of employees expected to accept the offer. Termination benefits are immediately recognised as an expense in the income statement.

### (q) Equity compensation benefits

The group grants share options, share appreciation rights (SARs) and restricted stock units (RSUs) to its employees under a number of equity compensation plans. The group recognises an employee benefit expense in the income statement, representing the fair value of share options, SARs and RSUs granted. A corresponding credit to equity is raised for equity-settled plans, whereas a corresponding credit to liabilities is raised for cash-settled plans. The fair value of the options, SARs and RSUs at the date of grant under equity-settled plans is charged to the income statement over the relevant vesting periods, adjusted to reflect actual and expected levels of vesting. For cash-settled plans, the group remeasures the fair value of the recognised liability at each reporting date and at the date of settlement, with any changes in fair value recognised in the income statement.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### (q) Equity compensation benefits (continued)

A share option, SAR or RSU scheme is considered equity-settled when the transaction is settled through the issue of equity instruments of Naspers Limited or its subsidiaries. They are considered cash-settled when they are settled in cash or any other asset.

On the final vesting date of equity-settled plans, the group transfers the accumulated balance relating to vested share options, SARs and RSUs from the share-based compensation reserve to retained earnings.

### (r) Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction against share premium.

Where subsidiaries hold Naspers N ordinary shares, the consideration paid to acquire those shares, including any attributable incremental costs, is deducted from shareholders' equity as treasury shares. Such shares are predominantly held for equity compensation plans. Where such shares are subsequently sold or reissued, the cost of those shares is released, and any realised gains or losses are recorded as treasury shares in equity. Shares issued to or held by share incentive plans within the group are treated as treasury shares until such time when participants pay for and take delivery of such shares.

### (s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decisionmaker. The chief operating decisionmaker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions. The group proportionately consolidates its share of the results of its associates and joint ventures in the various reportable segments. This is considered more reflective of the economic value of these investments.

### (t) Disposal groups held for sale

Non-current assets and liabilities (disposal groups) are classified as held for sale, and presented as current assets and liabilities in the statement of financial position, when their carrying values will be recovered principally through a sale transaction and when such sale is considered highly probable. The assets and liabilities of disposal groups held for sale are stated at the lower of carrying value and fair value less costs of disposal.

### (u) Recently issued accounting standards

The IASB issued a number of standards, amendments to standards and interpretations during the year ended 31 March 2018.

- (i) The following amended accounting standards have been adopted by the group and are applicable for the first time during the year ended 31 March 2018. Other than additional disclosure, these pronouncements had no effect on the group's financial statements:

Standard/Interpretation	Title
IAS 7	<i>Statement of Cash Flows</i>
IAS 12	<i>Income Taxes</i>
Various	<i>Annual Improvements to IFRS 2014 – 2016 Cycle 2016</i>



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### (u) Recently issued accounting standards (continued)

- (ii) The following new standards, interpretations and amendments to existing standards are not yet effective as at 31 March 2018. The group is currently evaluating the effects of these standards and interpretations, which have not been early adopted:

Standard/Interpretation	Title	Effective for year ending
IFRS 9 <sup>(1)</sup>	<i>Financial Instruments</i>	March 2019
IFRS 15 <sup>(2)</sup>	<i>Revenue from Contracts with Customers</i>	March 2019
IFRIC 22 <sup>(3)</sup>	<i>Foreign Currency Transactions and Advance Consideration</i>	March 2019
IFRS 16 <sup>(4)</sup>	<i>Leases</i>	March 2020
IFRS 10/IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined by the IASB

#### <sup>(1)</sup> IFRS 9 *Financial Instruments*

IFRS 9 *Financial Instruments* (IFRS 9) was issued in July 2014, replacing IAS 39 *Financial Instruments: Recognition and Measurement* (IAS 39). The group will apply IFRS 9 from 1 April 2018 (the 2019 financial year). As permitted by IFRS 9's transitional provisions, the group will not restate comparative information.

The group has performed a detailed assessment to determine the impact of IFRS 9 on its reporting and will conclude the assessment process in the 2019 financial year. Based on the assessment performed to date, the group expects the following impacts to arise from the initial application of IFRS 9:

#### *Classification and measurement*

In terms of IAS 39, the group classifies equity investments as available-for-sale investments (refer to note 10) with changes in fair value recognised in other comprehensive income. On disposal or impairment, cumulative fair value changes recognised in other comprehensive income are reclassified to the income statement. Furthermore, certain available-for-sale investments are measured at cost as their fair value cannot be measured with sufficient reliability.

IFRS 9 classifies these investments as financial assets at fair value through other comprehensive income and does not permit the reclassification of cumulative fair value changes to the income statement on disposal or impairment. Further, IFRS 9 no longer permits cost measurement where fair value cannot be measured with sufficient reliability. These investments are, however, not significant to the consolidated annual financial statements. The group will accordingly no longer reclassify cumulative fair value changes on these investments to the income statement but will transfer such cumulative changes to retained earnings on disposal of an investment. Total losses recognised in other comprehensive income relating to available-for-sale investments during the year ended 31 March 2018 amounted to losses of US\$4m (2017: US\$1m).

#### *Impairment*

The group expects the IFRS 9 impairment model to increase existing impairment allowances (refer to note 14) and will determine the final impact in the 2019 financial year. At present, the group estimates that the impairment allowances recognised as at 31 March 2018 will increase by less than US\$20m.

IFRS 9 introduces a forward-looking impairment model, based on expected credit losses, to replace the incurred loss model in terms of IAS 39. In terms of IFRS 9, the group's impairment methodology will take forward-looking information that has been demonstrated to be predictive of credit losses into consideration.

#### *Hedge accounting*

The group does not expect IFRS 9 to have an impact on its current hedge accounting practices and accordingly current hedging practices are expected to continue unaffected.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### (u) Recently issued accounting standards (continued)

#### <sup>(2)</sup> IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 *Revenue from Contracts with Customers* (IFRS 15) was issued in May 2014, replacing IAS 18 *Revenue*. The group will apply IFRS 15 from 1 April 2018 (the 2019 financial year) on a retrospective basis.

Apart from providing additional and more detailed disclosure around revenue recognition, the group does not expect IFRS 15 to have a significant impact on its existing revenue recognition practices and consolidated annual financial statements. The total cumulative impact of adopting IFRS 15 is estimated to be a reduction of less than US\$5m in total revenue reported for the year ending 31 March 2018.

#### <sup>(3)</sup> IFRIC 22 *Foreign Currency Transactions and Advance Consideration*

IFRIC 22 *Foreign Currency Transactions and Advance Consideration* (IFRIC 22) clarifies the accounting for non-monetary assets and liabilities arising from the payment or receipt of advance consideration in a foreign currency. IFRIC 22 determines that these items (typically prepaid expenses and deferred revenue) should not be retranslated to the reporting entity's functional currency after initial recognition. The group will apply IFRIC 22 from 1 April 2018 on a prospective basis.

The group currently retranslates certain foreign currency prepaid expenses and deferred revenue balances after initial recognition. With effect from 1 April 2018, the group will no longer retranslate these items after initial recognition. The group expects the initial application of IFRIC 22 to have an impact on foreign exchange gains or losses recognised from the 2019 financial year. The impact on affected non-monetary assets and liabilities as at 1 April 2018 will be recognised as an adjustment to the opening balance of retained earnings and the group estimates that the total adjustment will be a debit (reduction) of retained earnings of less than US\$25m.

#### <sup>(4)</sup> IFRS 16 *Leases*

IFRS 16 *Leases* (IFRS 16) was issued in January 2016, replacing IAS 17 *Leases* and IFRIC 4 *Determining whether an Arrangement contains a Lease*. IFRS 16 contains principles for the recognition, measurement, presentation and disclosure of leases. In terms of IFRS 16, the group will recognise all leases (with limited exceptions) as right-of-use assets and obligations to make lease payments in the statement of financial position.

The group will apply IFRS 16 for the first time during the year ending 31 March 2020 and is currently in the process of assessing the impact of IFRS 16. The group expects that the impact will largely relate to the recognition of existing operating lease commitments (refer to note 26 for these commitments as at 31 March 2018) as right-of-use assets and obligations to make lease payments in the statement of financial position.





# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### (v) Change in accounting policy

As part of our commitment to build shareholder value and prevent dilution, we indicated recently that we are unlikely to issue Naspers N ordinary shares to settle written put option liabilities arising from mergers and acquisitions agreements, employee share option obligations or similar arrangements. Instead, the intention is to settle these items in cash, either through purchases of shares on the market or direct cash settlement.

When investing, we frequently partner with founders who remain in the business as non-controlling shareholders. To provide them with liquidity at a later date, agreements sometimes include written put options that require the group to purchase the shares of non-controlling shareholders in future, with the option to settle by issuing Naspers N ordinary shares or in cash. In the past we selected to settle some of these by issuing Naspers N ordinary shares.

The recent change in commercial intent to settle written put options in cash rather than Naspers N ordinary shares, has prompted us to reassess our accounting policy to ensure it remains reflective of the underlying settlement expectations. IFRS does not explicitly address accounting for written put option liabilities that can be settled by issuing a variable number of an entity's own shares, as evidenced in the IFRS Interpretations Committee November 2016 rejection of this matter. As a result, an accounting policy choice exists – they can either be accounted for as (i) derivative financial instruments (at fair value in terms of IAS 39 *Financial Instruments: Recognition and Measurement* or IFRS 9 *Financial Instruments*), or (ii) as liabilities equal to the amount payable on settlement (in terms of IAS 32 *Financial Instruments: Presentation*).

Up to 30 September 2017, written put option liabilities were accounted for as derivative financial instruments given the historic intention to settle in Naspers N ordinary shares. All written put option liabilities were measured at a fair value of zero as these options are priced at fair value, consequently there was no impact on the statement of financial position or income statement.

Given the intention to now settle in cash, it is more appropriate to recognise them as liabilities in the statement of financial position, at amounts reflecting the gross cash consideration payable on settlement. Consequently, in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, we have changed our accounting policy in this respect. Going forward, all remeasurements of these liabilities will be recognised in the income statement. These remeasurements will be included in headline earnings but excluded from core headline earnings. The group has applied the change in accounting policy retrospectively and has restated the comparative information contained in these consolidated annual financial statements. The change in accounting policy had the following impact on the consolidated annual financial statements:

## INCOME STATEMENT

(extract)

	31 March		
	2017	2017	2017
	Restated	Change in	Previously
	US\$'m	accounting	reported
		policy	
		US\$'m	US\$'m
Other finance (costs)/income - net	( 899)	( 640)	( 259)
<b>Profit before taxation</b>	<b>2 412</b>	( 640)	3 052
Taxation	( 244)	-	( 244)
<b>Profit for the year</b>	<b>2 168</b>	( 640)	2 808
<b>Attributable to:</b>			
Equity holders of the group	2 337	( 584)	2 921
Non-controlling interests	( 169)	( 56)	( 113)
	2 168	( 640)	2 808
<b>Earnings per N ordinary share (US cents)</b>			
Basic	542	( 135)	677
Diluted	535	( 135)	670
<b>Headline earnings per N ordinary share (US cents)</b>			
Basic	44	( 135)	179
Diluted	38	( 135)	173



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### (v) Change in accounting policy (continued)

The change in accounting policy had the following impact on the consolidated annual financial statements:

#### STATEMENT OF COMPREHENSIVE INCOME (extract)

	31 March		
	2017 Restated US\$'m	2017 Change in accounting policy US\$'m	2017 Previously reported US\$'m
Profit for the year	2 168	( 640)	2 808
Other comprehensive income for the year	1 541	( 4)	1 545
<b>Total comprehensive income for the year</b>	<b>3 709</b>	<b>( 644)</b>	<b>4 353</b>
<b>Attributable to:</b>			
Equity holders of the group	3 905	( 587)	4 492
Non-controlling interests	( 196)	( 57)	( 139)
	<b>3 709</b>	<b>( 644)</b>	<b>4 353</b>

#### STATEMENT OF FINANCIAL POSITION (extract)

	31 March			1 April		
	2017 Restated US\$'m	2017 Change in accounting policy US\$'m	2017 Previously reported US\$'m	2016 Restated US\$'m	2016 Change in accounting policy US\$'m	2016 Previously reported US\$'m
<b>EQUITY AND LIABILITIES</b>						
<b>Capital and reserves attributable to the group's equity holders</b>						
Share capital and premium	12 856	(2 102)	14 958	8 771	(1 483)	10 254
Other reserves	4 944	-	4 944	4 965	-	4 965
Retained earnings	(1 000)	(1 518)	518	(2 304)	(1 483)	( 821)
<b>Non-controlling interests</b>	<b>8 912</b>	<b>( 584)</b>	<b>9 496</b>	<b>6 110</b>	<b>-</b>	<b>6 110</b>
<b>TOTAL EQUITY</b>	<b>286</b>	<b>( 117)</b>	<b>403</b>	<b>379</b>	<b>( 21)</b>	<b>400</b>
<b>Non-current liabilities (subtotal)</b>	<b>13 142</b>	<b>(2 219)</b>	<b>15 361</b>	<b>9 150</b>	<b>(1 504)</b>	<b>10 654</b>
Other non-current liabilities	5 349	1 708	3 641	5 118	1 095	4 023
<b>Current liabilities (subtotal)</b>	<b>1 708</b>	<b>511</b>	<b>2 928</b>	<b>2 455</b>	<b>409</b>	<b>2 046</b>
Accrued expenses and other current liabilities	3 439	511	1 257	1 595	409	1 186
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1 768</b>	<b>-</b>	<b>21 930</b>	<b>16 723</b>	<b>-</b>	<b>16 723</b>

The group's change in accounting policy regarding written put option liabilities had no impact on core headline earnings.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 3. SIGNIFICANT ACQUISITIONS AND DIVESTITURES

### Financial year ended 31 March 2018

In August 2017 the group invested US\$74m to acquire a controlling interest in its associate Takealot Online (RF) Proprietary Limited (Takealot), the leading e-tailer in South Africa. Following the investment, the group held a 58% effective interest in Takealot. The transaction was accounted for as a business combination with an effective date of August 2017. The total purchase consideration amounted to US\$123m representing the fair value of the group's previously held equity interest in Takealot. A gain of US\$20m has been recognised in "Gains/(losses) on acquisitions and disposals" in the income statement on the remeasurement of the group's previously held equity interest in Takealot to its fair value. The US\$74m cash invested remains within the group following the transaction and is accordingly not disclosed as part of the consideration transferred by the group or assets of Takealot acquired, although it did affect the amount of goodwill recognised in the business combination. The purchase price allocation: property, plant and equipment US\$13m; cash and deposits US\$105m; inventories US\$28m; trade and other receivables US\$4m; intangible assets US\$107m; trade and other payables US\$27m; deferred tax liabilities US\$30m and the balance of US\$81m to goodwill. The main classes of intangible assets recognised in the business combination were trade names and brands, customer relationships and technology. The transaction gave rise to the recognition of non-controlling interest of US\$83m, which has been measured at the non-controlling interest's proportionate share of the identifiable net assets of Takealot as at the acquisition date.

In December 2017 the group acquired an additional 38% interest in Takealot from non-controlling shareholders. The transaction was settled in Naspers N ordinary shares, acquired in an open market cash purchase, with a fair value of US\$128m on settlement date. The excess of the consideration transferred over the net asset value acquired was recognised in the "Existing control business combination reserve" in equity and totalled US\$65m. An amount of US\$4m was recognised in the valuation reserve being the difference between the fair value and acquisition cost of the shares transferred. Following the transaction, the group holds a 96% effective interest (91% fully diluted) in Takealot.

In November 2017 the group invested US\$41m to acquire a 100% effective interest in The Car Trader Proprietary Limited (AutoTrader), an online automobile classifieds vertical in South Africa. The transaction was accounted for as a business combination with an effective date of November 2017. The total purchase consideration amounted to US\$41m. The purchase price allocation: property, plant and equipment US\$1m; cash and deposits US\$3m; trade and other receivables US\$1m; intangible assets US\$27m; trade and other payables US\$4m; loan liabilities US\$14m; deferred tax liabilities US\$8m and the balance of US\$35m to goodwill. The main classes of intangible assets recognised in the business combination were brands, customer relationships and technology.

Since the acquisition dates of the above business combinations, revenue of US\$195m and net results (losses) of US\$41m have been included in the income statement relating to Takealot and AutoTrader. Had the revenue and net results of Takealot and AutoTrader been included from 1 April 2017, group revenue and net profit would have amounted to US\$6.75bn and US\$11.26bn, respectively.

The main factor contributing to the goodwill recognised in the acquisitions is the acquirees' market presence. The goodwill that arose is not expected to be deductible for income tax purposes. Total acquisition-related costs of US\$3m were recorded in "Gains on acquisitions and disposals" in the income statement regarding the above-mentioned acquisitions.

The following relates to the group's investments in its equity-accounted investees:

The group made various investments in Delivery Hero AG (Delivery Hero), a global online food-ordering and delivery marketplace, during the year. In May 2017 the group acquired its initial interest in Delivery Hero through an investment of US\$426m. On 30 June 2017, Delivery Hero successfully completed an initial public offering of its shares, a process during which the group invested a further US\$47m. Following these investments, the group held an 11% effective interest (10% fully diluted) in Delivery Hero. In December 2017 the group invested an additional US\$47m as part of a private placement in order to maintain its relative shareholding. During March 2018, following the receipt of regulatory approval, the group acquired Rocket Internet SE's interest in Delivery Hero for US\$778m. The group's aggregate investment in Delivery Hero therefore amounts to US\$1.30bn over the reporting period. Following the acquisition from Rocket Internet SE, the group holds a 23% effective interest (22% fully diluted) in Delivery Hero. The group accounts for its interest in Delivery Hero as an investment in an associate.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 3. SIGNIFICANT ACQUISITIONS AND DIVESTITURES (continued)

### Financial year ended 31 March 2018

The group made two investments during June 2017 and February 2018 amounting to US\$121m in total, in Bundl Technologies Private Limited (Swiggy), the operator of a first-party food-delivery marketplace in India. Following these investments, the group holds a 22% effective interest (21% fully diluted) in Swiggy. The group accounts for its interest in Swiggy as an investments in an associate.

In May 2017 the group invested US\$99m in Kreditech Holding SSL GmbH (Kreditech), a provider of consumer lending and financial services. The group has also provided convertible loan funding of €20m to Kreditech. Following the investment, the group holds a 38% effective interest (31% fully diluted) in Kreditech. The group accounts for its interest in Kreditech as an investment in an associate.

During May 2017 the group invested US\$132m in its associate MakeMyTrip Limited (MakeMyTrip) as part of a funding round. In August and September 2017, following MakeMyTrip's issue of share options to its employees, the group invested US\$23m to maintain its relative shareholding. Following these transactions, the group holds a 43% effective interest (40% fully diluted) in MakeMyTrip.

The group invested US\$71m for an additional interest in its associate Flipkart Limited (Flipkart) in April 2017. The additional interest was acquired from existing shareholders of Flipkart. Flipkart undertook various funding rounds during the year in which the group did not participate. These funding rounds resulted in a dilution of the group's interest in Flipkart and in the recognition of an aggregate net dilution gain of US\$252m in "Dilution gains/(losses) on equity-accounted investments" in the income statement. Following the dilutions, the group holds a 12% effective interest (11% fully diluted) in Flipkart.

In November 2017 the group invested US\$100m in Remitly, Inc. (Remitly), a global digital money-transfer service. The investment resulted in the group acquiring a 23% effective interest (20% fully diluted) in Remitly. The group accounts for its interest in Remitly as an investment in an associate.

The following relates to significant disposals by the group during the reporting period:

During May 2017 the group disposed of its investment in its joint venture Souq Group Limited for a consideration of US\$173m. A gain on disposal of US\$89m has been recognised in "(Losses)/gains on acquisitions and disposals" in the income statement following the transaction.

In September 2017 following the receipt of regulatory approval, the group distributed the majority of its shareholding in Novus Holdings Limited (Novus) to its shareholders. The group recognised the distribution as an in specie dividend, reducing retained earnings by US\$69m, being the fair value of the distributed Novus shares. A loss on disposal of US\$145m has been recognised in "(Losses)/gains on acquisitions and disposals" in the income statement following the distribution, being the difference between the fair value of the distributed Novus shares and the book value of the assets distributed as well as the reclassification of reserves of US\$112m. After the distribution, the group holds a 19% interest in Novus and accounts for this interest as an available-for-sale investment.

During February 2018 the group disposed of its investment in its joint venture Konga Online Shopping Limited. A loss on disposal of US\$38m, representing the reclassification of the group's foreign currency translation reserve from other comprehensive income to the income statement, has been recognised in "(Losses)/gains on acquisitions and disposals".

In March 2018 the group disposed of approximately 6% of its interest in its associate, Tencent Holdings Limited (Tencent). The disposal was executed by way of an accelerated offering by private placement on the Hong Kong Stock Exchange for a cash consideration of US\$9.76bn. The disposal reduced the group's shareholding from 33.17% to 31.17%. A dilution gain of US\$9.10bn has been recognised in "Dilution gains/(losses) on equity-accounted investments" following the transaction, resulting in a cumulative net dilution gain of US\$8.98bn for the year on the group's investment in Tencent.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 3. SIGNIFICANT ACQUISITIONS AND DIVESTITURES (continued)

### Financial year ended 31 March 2017

In November 2016 the group acquired a 100% interest in Citrus Pay, a leading Indian payments technology player, to expand the payments business's Indian footprint. Citrus Pay forms part of the Indian operations of PayU, the group's global online payment service provider. The transaction was accounted for as a business combination. The total purchase consideration amounted to US\$112m. In addition, an employment-linked prepayment of US\$18m was recognised as a transaction separate from the business combination. This amount will be expensed in the income statement over the service period. The purchase price allocation: net debt US\$1m; net working capital US\$2m; intangible assets US\$15m; deferred tax liability of US\$5m and the balance of US\$105m to goodwill. The main classes of intangible assets recognised in the business combination were trademarks, customer bases and technology.

As part of its strategy to consolidate the growing US online classifieds market, the US operations of Wallapop S.L. (Wallapop) were absorbed into the group's letgo business during July 2016. As consideration for the contribution of Wallapop's business and cash of US\$45m, Wallapop was issued with a 45% interest in a newly formed entity in the US, with the group holding the remaining 55% interest. The transaction was accounted for as a business combination. The total deemed purchase consideration amounted to US\$126m, representing the fair value of the equity interest issue to Wallapop. Given the early-stage nature of the business model, the transaction gave rise to the recognition of goodwill of US\$126m. A non-controlling interest of US\$45m was recognised following the business combination.

The main factor contributing to the goodwill recognised in these acquisitions is the acquiree's market presence. The goodwill that arose is not expected to be deductible for income tax purposes. Total acquisition-related costs of US\$2m were recorded in "Gains on acquisitions and disposals" in the income statement regarding the above acquisitions.

Since the acquisition dates of the above transactions, revenue of US\$8m and net losses of US\$182m have been included in the income statement relating to the acquired businesses. Had the revenue and net results of the acquired businesses been included from 1 April 2016, group revenue and net profit would have amounted to US\$6.11bn and US\$2.80bn respectively.

The following relates to the group's investments in its equity-accounted investees:

The group made its first investment targeting the education technology market by investing US\$13m (23.6% fully diluted interest) in Brainly (May 2016), a social learning network. The group also invested US\$70m (10.6% fully diluted interest) in Udemy (June and October 2016), an online education marketplace with over 7 million students enrolled, and US\$22m (19.2% fully diluted interest) in Codecademy (June 2016), a leading global platform focused on online coding education. The group accounts for these interests as investments in associates.

In January 2017 the group merged its Indian online travel business, ibibo, with Nasdaq-listed MakeMyTrip Limited, in exchange for a 40% fully-diluted interest in MakeMyTrip Limited. A gain on disposal of US\$228m was recognised in "Gains on acquisitions and disposals" in the income statement following the transaction. The group accounts for its interest as an investment in an associate.

The following relates to significant disposals by the group during the reporting period:

In May 2016 the group disposed of its Czech online comparison-shopping platform Heureka for a cash consideration of US\$67m, following the receipt of regulatory approval. A gain on disposal of US\$61m was recognised in "Gains on acquisitions and disposals" in the income statement following the transaction.

During July 2016 the group disposed of its Czech online retail and ecommerce platform Netretail for a cash consideration of US\$102m. A loss on disposal of US\$28m has been recognised in "Gains on acquisitions and disposals" in the income statement.

During January 2017, following the receipt of regulatory approval, the group concluded the disposal of Allegro.pl and Ceneo.pl, the leading online marketplace and price comparison businesses in Poland for net proceeds of US\$3.21bn. A gain on disposal of US\$1.94bn was recognised in "Gains on acquisitions and disposals" in the income statement following the transaction.

Investments acquired and funding rounds participated in were funded through the utilisation of existing credit facilities and proceeds received from disposals during the reporting period.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 4. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings US\$'m	Manu- facturing equip- ment US\$'m	Trans- mission equip- ment US\$'m	Vehicles, computers and office equip- ment US\$'m	Total US\$'m
<b>1 April 2017</b>					
Cost	258	3	1 910	274	2 445
Accumulated depreciation and impairment	( 62)	( 1)	( 620)	( 162)	( 845)
<b>Carrying value at 1 April 2017</b>	<b>196</b>	<b>2</b>	<b>1 290</b>	<b>112</b>	<b>1 600</b>
Foreign currency translation effects	16	-	81	9	106
Acquisitions of subsidiaries and businesses	-	-	-	13	13
Acquisitions	36	-	28	55	119
Disposals/scrappings	( 1)	-	-	( 4)	( 5)
Impairment	-	-	( 9)	-	( 9)
Depreciation	( 16)	-	( 153)	( 50)	( 219)
<b>31 March 2018</b>					
Cost	315	3	2 059	360	2 737
Accumulated depreciation and impairment	( 84)	( 1)	( 822)	( 225)	(1 132)
<b>Carrying value at 31 March 2018</b>	<b>231</b>	<b>2</b>	<b>1 237</b>	<b>135</b>	<b>1 605</b>
Work in progress at 31 March 2018					33
<b>Total carrying value at 31 March 2018</b>					<b>1 638</b>



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 4. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and buildings US\$'m	Manu- facturing equip- ment US\$'m	Trans- mission equip- ment US\$'m	Vehicles, computers and office equip- ment US\$'m	Total US\$'m
<b>1 April 2016</b>					
Cost	302	204	1 387	295	2 188
Accumulated depreciation and impairment	( 65)	( 110)	( 477)	( 176)	( 828)
Carrying value at 1 April 2016	237	94	910	119	1 360
Foreign currency translation effects	10	9	( 4)	2	17
Transferred to assets classified as held for sale	( 65)	( 95)	( 1)	( 4)	( 165)
Acquisitions of subsidiaries and businesses	-	-	-	1	1
Disposals of subsidiaries and businesses	( 2)	-	-	( 17)	( 19)
Acquisitions	32	17	533	65	647
Disposals/scrappings	( 1)	( 1)	( 2)	( 3)	( 7)
Impairment	-	( 10)	( 10)	-	( 20)
Depreciation	( 15)	( 12)	( 136)	( 51)	( 214)
<b>31 March 2017</b>					
Cost	258	3	1 910	274	2 445
Accumulated depreciation and impairment	( 62)	( 1)	( 620)	( 162)	( 845)
Carrying value at 31 March 2017	196	2	1 290	112	1 600
Work in progress at 31 March 2017					38
Total carrying value at 31 March 2017					1 638





# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 4. PROPERTY, PLANT AND EQUIPMENT (continued)

The carrying value of work in progress mainly comprises DTT broadcasting equipment relating to the video-entertainment segment and land and buildings that are under construction.

The group recognised impairment losses of US\$17.2m (2017: US\$27.4m) on property, plant and equipment, relating to DTT broadcasting equipment as well as a building in the video-entertainment segment. US\$7.8m of this impairment loss is presented within work in progress. The impairment losses have been included in "Other (losses)/gains – net" in the income statement. Of the total impairment losses of US\$17.2m, US\$17.2m (2017: US\$17.2m) has been included in the video-entertainment segment. The prior year impairment loss of US\$27.4m related mainly to DTT broadcasting equipment within the video-entertainment segment and printing equipment within the media segment. The recoverable amounts of the assets impaired amounted to US\$nil (2017: US\$4.6m).

During the year, property, plant and equipment with a carrying amount of US\$nil was transferred to assets classified as held for sale (refer to note 16).

The carrying values of assets capitalised under finance leases are as follows:

	31 March	
	2018 US\$'m	2017 US\$'m
Land and buildings	5	7
Transmission equipment	1 051	1 062
Vehicles, computers and office equipment	6	1
	<b>1 062</b>	<b>1 070</b>

Included in the acquisition of property, plant and equipment is an amount of US\$8.5m (2017: US\$432.5m) relating to leased assets, which are non-cash in nature. The non-cash additions during the current year include US\$8.5m. Refer to note 26 for details of the group's assets pledged as security.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 5. GOODWILL

	31 March	
	2018 US\$'m	2017 US\$'m
<b>Cost</b>		
<b>Opening balance</b>	<b>2 790</b>	3 175
Foreign currency translation effects	47	230
Acquisitions of subsidiaries and businesses	124	244
Disposals of subsidiaries and businesses	-	( 821)
Transferred to assets classified as held for sale	-	( 38)
<b>Closing balance</b>	<b>2 961</b>	2 790
<b>Accumulated impairment</b>		
<b>Opening balance</b>	<b>348</b>	357
Foreign currency translation effects	6	20
Impairment	-	5
Remeasurement to fair value less costs of disposal	-	2
Disposals of subsidiaries and businesses	-	( 35)
Transferred to assets classified as held for sale	-	( 1)
<b>Closing balance</b>	<b>354</b>	348
<b>Carrying value</b>	<b>2 607</b>	2 442

The group recognised impairment losses on goodwill of US\$nil (2017: US\$5.2m).

Management used 10-year projected cash flow models, growth rates ranging between 1% and 5% and discount rates ranging between 11% and 21% in measuring the impairment losses. The group uses 10-year projected cash flow models as many businesses, particularly those engaged in ecommerce, have monetisation timelines longer than five years.

### Impairment testing of goodwill

The group has allocated goodwill to various cash-generating units. The recoverable amounts of these cash-generating units have been determined based on value in use calculations. Value in use is based on discounted cash flow calculations. The group based its cash flow calculations on three-to-ten year budgeted and forecast information approved by senior management and/or the various boards of directors of group companies. Long-term average growth rates for the respective countries in which the entities operate or, where more appropriate, the growth rate of the cash-generating units, were used to extrapolate cash flows into the future. The discount rates used reflect specific risks relating to the relevant cash-generating units and the countries in which they operate while maximising the use of market observable data. Other assumptions included in cash flow projections vary widely between cash-generating units due to the group's diverse range of business models, and are closely linked to entity-specific key performance indicators.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 5. GOODWILL (continued)

### Impairment testing of goodwill (continued)

The group allocated goodwill to the following groups of cash-generating units:

	Carrying value of goodwill US\$m	Discount rate applied to cash flows %	Growth rate used to extra- polate cash flows %
<b>Groups of cash-generating units</b>			
New Media Proprietary Limited	9	14.0	2.0
OLX Ukraine	12	18.0	3.0
OLX Philippines	13	12.0	4.0
OLX Portugal Group	14	12.0	1.5
Irdeto group	20	16.0	1.0
Autotrader <sup>(1)</sup>	35	-	-
Movile Group	50	14.0	5.0
Dante International S.A. (eMAG)	54	13.0	4.0
OLX Indonesia	62	12.0	4.0
Dubizzle Limited (BVI)	68	13.0	4.0
OLX B.V.	77	12.0	3.0
Takealot <sup>(1)</sup>	88	-	-
Citrus Pay	104	11.0	4.0
Ambatana Holding B.V. (letgo)	200	14.0	3.0
Multichoice South Africa group	276	13.0	3.0
Avito Holding AB	1 451	15.0	5.0
Various other units	74	Various	Various
	<b>2 607</b>		

<sup>(1)</sup> This cash-generating unit includes goodwill from acquisitions that were made during the year. Based on the value of the recent transaction and the associated cash flows, no impairment was noted.

Post-tax discount rates have been applied as value in use was determined using post-tax cash flows. Impairment testing is performed using the appropriate local currency cash flows, and accordingly, discount rates take into account country risk premiums and inflation differentials as appropriate.

If either the discount rate applied to cash flows were to increase by 5% or the growth rate used to extrapolate cash flows were to decrease by 5%, or if both the discount rate and the growth rate were to increase and decrease by 5% respectively, there would be no further significant impairments that would have to be recognised.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 6. OTHER INTANGIBLE ASSETS

	Intellectual property rights and patents US\$'m	Customer related assets US\$'m	Brand names and title rights US\$'m	Software US\$'m	Total US\$'m
<b>1 April 2017</b>					
Cost	86	711	820	204	1 821
Accumulated amortisation and impairment	( 76)	( 294)	( 240)	( 109)	( 719)
<b>Carrying value at 1 April 2017</b>	<b>10</b>	<b>417</b>	<b>580</b>	<b>95</b>	<b>1 102</b>
Foreign currency translation effects	5	( 12)	10	8	11
Acquisitions of subsidiaries and businesses	6	20	104	12	142
Acquisitions	1	4	1	14	20
Transfer between asset classes	-	-	-	3	3
Disposals	-	( 1)	( 2)	-	( 3)
Impairment	( 4)	-	-	-	( 4)
Amortisation	( 3)	( 41)	( 53)	( 36)	( 133)
<b>Carrying value at 31 March 2018</b>					
Cost	99	715	955	251	2 020
Accumulated amortisation and impairment	( 84)	( 328)	( 315)	( 155)	( 882)
<b>Carrying value at 31 March 2018</b>	<b>15</b>	<b>387</b>	<b>640</b>	<b>96</b>	<b>1 138</b>
Work in progress at 31 March 2018					5
<b>Total carrying value at 31 March 2018</b>					<b>1 143</b>



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 6. OTHER INTANGIBLE ASSETS (continued)

	Intellectual property rights and patents US\$'m	Customer related assets US\$'m	Brand names and title rights US\$'m	Software US\$'m	Total US\$'m
1 April 2016					
Cost	88	859	896	209	2 052
Accumulated amortisation and impairment	( 78)	( 408)	( 271)	( 108)	( 865)
Carrying value at 1 April 2016	10	451	625	101	1 187
Foreign currency translation effects	2	70	83	8	163
Acquisitions of subsidiaries and businesses	-	12	3	1	16
Disposals of subsidiaries and businesses	1	( 18)	( 59)	( 8)	( 84)
Acquisitions	1	9	1	29	40
Transferred to assets classified as held for sale	-	-	-	( 3)	( 3)
Disposals	-	-	-	( 3)	( 3)
Impairment	( 2)	( 4)	( 18)	( 1)	( 25)
Amortisation	( 2)	( 42)	( 55)	( 29)	( 128)
31 March 2017					
Cost	86	711	820	204	1 821
Accumulated amortisation and impairment	( 76)	( 294)	( 240)	( 109)	( 719)
Carrying value at 31 March 2017	10	417	580	95	1 102
Work in progress at 31 March 2017					2
Total carrying value at 31 March 2017					1 104

The group recognised impairment losses on other intangible assets of US\$4.2m (2017: US\$25.2m). The recoverable amounts of the intangible assets impaired amounted to US\$nil (2017: US\$nil). The intangible assets impaired were written off in full as no future cash inflows are associated with them.

The impairment losses have been included in "Other (losses)/gains – net" in the income statement, of which US\$4.2m (2017: US\$22.5m) has been included in the internet segment and US\$nil (2017: US\$2.7m) in the video-entertainment segment.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 7. INVESTMENTS IN SUBSIDIARIES

Apart from Movel Internet Móvel S.A., Dante International S.A. and FixeAds Serviços de Internet S.A., all subsidiaries have the same financial year-end as Naspers Limited.

The following information relates to the group's interest in its significant subsidiaries:

Name of subsidiary	Effective percentage interest <sup>(1)</sup>		Nature of business	Country of incorporation	Functional currency	D or I
	2018 %	2017 %				
<b>Unlisted companies</b>						
<b>Investment holding companies</b>						
MIH Holdings Proprietary Limited	100.0	100.0	Investment holding	South Africa	ZAR	D
MIH Ming He Holdings Limited	100.0	100.0	Investment holding	Hong Kong	US\$	I
Myriad International Holdings B.V.	100.0	100.0	Investment holding	The Netherlands	US\$	I
<b>Video entertainment</b>						
MultiChoice South Africa Holdings Proprietary Limited	80.0	80.0	Subscription television	South Africa	ZAR	I
Electronic Media Network Proprietary Limited (M-Net)	80.0	80.0	Video-entertainment content provider	South Africa	ZAR	I
SuperSport International Holdings Proprietary Limited	80.0	80.0	Video-entertainment content provider	South Africa	ZAR	I
Showmax B.V.	100.0	100.0	Subscription video-on-demand	The Netherlands	US\$	I
MultiChoice Africa Holdings B.V.	100.0	100.0	Investment holding	The Netherlands	US\$	I
Irdeto B.V.	100.0	100.0	Technology development	The Netherlands	US\$	I
<b>Internet</b>						
Avito AB	71.2	70.5	Classifieds	Sweden	SEK	I
Ambatana Holdings B.V. (letgo)	73.4	69.7	Classifieds	The Netherlands	US\$	I
Letgo USA B.V.	47.2	41.6	Classifieds	The Netherlands	US\$	I

<sup>(1)</sup> The percentage interest shown is the financial effective interest, after adjusting for the interests of the group's equity compensation plans treated as treasury shares and taking into account retention options. The group's financial effective interest is, in some instances, impacted by its shareholding in intermediate holding companies.

D: Direct interest.

I: Combined direct and indirect effective interest.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 7. INVESTMENTS IN SUBSIDIARIES (continued)

Name of subsidiary	Effective percentage interest <sup>(1)</sup>		Nature of business	Country of incorporation	Functional currency	D or I
	2018	2017				
	%	%				
PayU Global B.V.	97.6	97.6	Payments platform	The Netherlands	US\$	I
BuscaPé.com Inc.	100.0	100.0	Comparative shopping and ecommerce	Brazil	BRL	I
Movile Internet Móvel S.A.	77.4	70.7	Mobile value added services	Brazil	BRL	I
iFood.com Agência de Restaurantes Online S.A. (iFood)	51.6	42.9	Online food delivery services	Brazil	BRL	I
OLX B.V.	100.0	99.9	Classifieds	The Netherlands	US\$	I
OLX Portugal S.A.	100.0	99.9	Classifieds	Portugal	EUR	I
Silver Indonesia JVCo B.V. (OLX Indonesia)	40.5	40.5	Classifieds	The Netherlands	EUR	I
Netpreneur Connections Enterprises Inc. (Sulit)	100.0	91.6	Classifieds	Phillippines	PHP	I
Dubizzle Limited (BVI)	51.8	53.7	Classifieds	UAE	AED	I
MIH B2C Holdings B.V.	100.0	100.0	Investment holding	The Netherlands	US\$	I
Dante International S.A. (eMAG)	79.3	77.1	Retail and ecommerce	Romania	RON	I
Tek Travel Private Limited (Travel Boutiques Online)	47.3	47.3	Online travel portal	India	INR	I
Takealot Online (RF) Proprietary Limited <sup>(2)</sup>	96.1	-	Retail and ecommerce	South Africa	ZAR	I
Citrus Payment Solutions Private Limited	100.0	100.0	Payments	India	INR	I
<b>Media</b>						
Media24 Holdings Proprietary Limited	85.0	85.0	Investment holding	South Africa	ZAR	D
Media24 Proprietary Limited	85.0	85.0	Publishing	South Africa	ZAR	I
Novus Holdings Limited <sup>(3)</sup>	-	52.0	Printing	South Africa	ZAR	I

<sup>(1)</sup> The percentage interest shown is the financial effective interest, after adjusting for the interests of the group's equity compensation plans treated as treasury shares and taking into account retention options. The group's financial effective interest is, in some instances, impacted by its shareholding in intermediate holding companies.

<sup>(2)</sup> During the current reporting period, the group increased its interest in Takealot Online (RF) Proprietary Limited resulting in the entity becoming a subsidiary. Refer to note 3 for details of the acquisition of the group's interest.

<sup>(3)</sup> During the current reporting period, the group distributed the majority of its shareholding in Novus Holdings Limited (Novus) to its shareholders. Refer to note 3 for details of the distribution of the group's interest.

D: Direct interest.

I: Combined direct and indirect effective interest.





# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 7. INVESTMENTS IN SUBSIDIARIES (continued)

The summarised financial information contained below relates to subsidiaries of the group that are considered to have significant non-controlling interests:

	Media24 Holdings Proprietary Limited		MultiChoice South Africa Holdings Proprietary Limited	
	31 March 2018 US\$'m	31 March 2017 US\$'m	31 March 2018 US\$'m	31 March 2017 US\$'m
<b>Summarised statement of financial position</b>				
Non-current assets	81	55	1 440	1 338
Current assets	206	101	849	735
Assets classified as held for sale	-	264	-	28
<b>Total assets</b>	<b>287</b>	<b>420</b>	<b>2 289</b>	<b>2 101</b>
Non-current liabilities	34	18	750	754
Current liabilities	155	129	790	728
Liabilities classified as held for sale	-	54	-	16
<b>Total liabilities</b>	<b>189</b>	<b>201</b>	<b>1 540</b>	<b>1 498</b>
Accumulated non-controlling interests	( 7 )	110	150	121
<b>Summarised income statement</b>				
Revenue	496	576	3 124	2 900
Net (loss)/profit for the year	( 29 )	( 6 )	608	487
Other comprehensive income	( 19 )	-	( 43 )	( 40 )
<b>Total comprehensive income</b>	<b>( 48 )</b>	<b>( 6 )</b>	<b>565</b>	<b>447</b>
Profit attributable to non-controlling interests	( 1 )	6	113	89
Dividends paid to non-controlling interests	8	6	100	95
<b>Summarised statement of cash flows</b>				
Cash flows (utilised in)/generated from operating activities	( 11 )	25	574	630
Cash flows utilised in investing activities	( 4 )	( 8 )	( 32 )	( 52 )
Cash flows utilised in financing activities	( 9 )	( 20 )	( 564 )	( 568 )



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 7. INVESTMENTS IN SUBSIDIARIES (continued)

The summarised financial information contained below relates to subsidiaries of the group that are considered to have significant non-controlling interests (continued):

	Avito AB	
	31 March 2018 US\$'m	31 March 2017 US\$'m
<b>Summarised statement of financial position</b>		
Non-current assets	2 319	2 441
Current assets	133	71
<b>Total assets</b>	<b>2 452</b>	<b>2 512</b>
Non-current liabilities	168	183
Current liabilities	45	33
<b>Total liabilities</b>	<b>213</b>	<b>216</b>
Accumulated non-controlling interests	227	237
<b>Summarised income statement</b>		
Revenue	284	204
Trading profit	139	109
Net profit for the year	62	24
Other comprehensive income	( 3)	20
<b>Total comprehensive income</b>	<b>59</b>	<b>44</b>
Profit attributable to non-controlling interests	17	8
Dividends paid to non-controlling interests	25	14
<b>Summarised statement of cash flows</b>		
Cash flows generated from operating activities	83	63
Cash flows utilised in investing activities	( 5)	( 13)
Cash flows utilised in financing activities	( 25)	( 14)



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 8. INVESTMENTS IN ASSOCIATES

The following information relates to the group's financial interest in its significant associates:

Name of associated company	Effective percentage interest <sup>(1)</sup>		Nature of business	Country of incorporation	Functional currency	Year-end
	2018	2017				
	%	%				
<b>Listed companies</b>						
Tencent Holdings Limited	31.2	33.3	Internet-related services	China	RMB	December
Mail.ru Group Limited	28.4	28.7	Internet-related services	Russia	RUB	December
MakeMyTrip Limited	43.1	43.2	Online travel	Mauritius	INR	March
Delivery Hero AG	22.8	-	Food delivery	Germany	EUR	December
<b>Unlisted companies</b>						
Flipkart Limited <sup>(2)</sup>	12.4	16.5	Ecommerce	India	US\$	March
SimilarWeb Limited	24.5	28.8	Internet metrics	Israel	NIS	December
Takealot Online (RF) Proprietary Limited <sup>(3)</sup>	-	47.1	Retail and ecommerce	South Africa	ZAR	March
Twigg Limited <sup>(2)</sup>	13.5	13.9	Ecommerce search	Israel	NIS	December
Kreditech Holding SSL GmbH	37.6	-	Consumer lending	Germany	EUR	December
Remitly, Inc.	22.6	-	Digital money transfer	United States of America	US\$	December
Udemy, Inc. <sup>(2)</sup>	12.1	12.0	Educational technology	United States of America	US\$	March
Ryzac, Inc. (Codecademy)	21.1	21.3	Educational technology	United States of America	US\$	December
Brainly, Inc.	34.1	26.0	Educational technology	United States of America	US\$	December
Bundl Technologies Private Limited (Swiggy)	21.9	-	Food delivery	India	INR	March
Naspers Beleggings (RF) Limited <sup>(4)</sup>	49.0	49.0	Investment holding	South Africa	ZAR	March

<sup>(1)</sup> The percentage interest shown is the financial effective interest, after adjusting for the interests of the group's equity compensation plans treated as treasury shares and taking into account retention options. The group's financial effective interest is, in some instances, impacted by its shareholding in intermediate holding companies.

<sup>(2)</sup> The group accounts for its interest as an investment in an associate on account of its board representation.

<sup>(3)</sup> During the current reporting period, the group increased its interest in Takealot Online (RF) Proprietary Limited resulting in the entity becoming a subsidiary. Refer to note 3 for details of the acquisition of the group's interest.

<sup>(4)</sup> The group has concluded that it does not control Naspers Beleggings (RF) Limited as it does not have the ability to unilaterally direct its substantive decisions.

Adjustments are made for significant transactions that take place where the year-ends of associates are not coterminous with that of Naspers Limited.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 8. INVESTMENTS IN ASSOCIATES (continued)

The fair values of the group's investments in its listed associates are detailed below:

	31 March	
	2018 US\$'m	2017 US\$'m
<b>Listed investments</b>		
Tencent Holdings Limited	154 535	90 347
Mail.ru Group Limited	2 121	1 340
MakeMyTrip Limited	1 519	1 363
Delivery Hero AG	2 027	-

The above fair values have been measured using quoted prices in active markets and the disclosed amounts therefore represent level 1 fair-value measurements.

	31 March	
	2018 US\$'m	2017 US\$'m
<b>Opening balance</b>	10 784	7 625
Associates acquired - gross consideration	1 885	611
net assets acquired	433	210
goodwill and other intangibles recognised	1 535	428
deferred taxation recognised	( 83)	( 27)
Associates disposed of	( 92)	( 21)
Share of current year other reserve movements	763	1 103
Share of equity-accounted results	3 316	1 896
net income before amortisation	5 113	2 873
amortisation/impairment recognised by associates	( 991)	( 472)
taxation	( 806)	( 505)
Equity-accounted results due to purchase accounting	( 18)	( 7)
amortisation of other intangible assets	( 26)	( 9)
realisation of deferred taxation	8	2
Impairment	( 46)	-
Dividends received	( 247)	( 191)
Foreign currency translation effects	1 019	( 113)
Disposal of partial interest in Tencent	( 816)	-
Dilution gains/(losses)	118	( 119)
<b>Closing balance</b>	16 666	10 784
<b>Investments in associates</b>		
Listed	15 583	10 127
Unlisted	1 083	657
<b>Total investments in associates</b>	16 666	10 784



## Notes to the consolidated annual financial statements (continued)

*for the year ended 31 March 2018*

### **8. INVESTMENTS IN ASSOCIATES (continued)**

The group recognised US\$3.33bn (2017: US\$1.90bn) from associates as its share of equity-accounted results in the income statement. Cumulative unrecognised losses relating to associates that have been fully impaired, amounted to US\$110.8m (2017: US\$107.7m) as at 31 March 2018.

The group recognised total dilution gains of US\$9.22bn (2017: dilution losses of US\$118.8m) as part of “Dilution gains/(losses) on equity-accounted investments” in the income statement. This comprises a gain of US\$9.10bn relating to the group’s disposal of approximately 6% of its interest in Tencent during March 2018 (refer to note 3) as well as aggregate net dilution gains of US\$117.9m related to dilutions in the group’s shareholding in Flipkart and Tencent. The aggregate net dilution gains of US\$117.9m relate to dilution gains arising from Flipkart’s funding rounds, in which the group did not participate, offset by dilution losses resulting from the vesting of share-based payment awards granted by Tencent to its employees.

The total dilution gain presented in the income statement also includes the reclassification of a portion of the group’s foreign currency translation and valuation reserves from other comprehensive income to the income statement following shareholding dilutions and partial disposals.

The group’s share of equity-accounted investments’ other comprehensive income and reserves relates mainly to the revaluation of the associates’ available-for-sale investments.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 8. INVESTMENTS IN ASSOCIATES (continued)

### Material associates' summarised financial information

	31 March Tencent Holdings Limited		31 March Mail.ru Group Limited	
	2018 US\$'m	2017 US\$'m	2018 US\$'m	2017 US\$'m
<b>Dividends received</b>	<b>247</b>	191	-	-
Non-current assets	59 758	36 510	2 971	3 103
Current assets	28 436	21 657	416	232
<b>Total assets</b>	<b>88 194</b>	58 167	<b>3 387</b>	3 335
Non-current liabilities	20 053	15 748	169	125
Current liabilities	24 181	14 694	279	265
<b>Total liabilities</b>	<b>44 234</b>	30 442	<b>448</b>	390
Revenue	36 211	22 483	898	642
Net profit from continuing operations	10 888	6 101	30	34
Other comprehensive income	130	1 847	( 6)	12
<b>Total comprehensive income</b>	<b>11 018</b>	7 948	<b>24</b>	46

### Reconciliation of summarised financial information to carrying value of investment

	31 March Tencent Holdings Limited		31 March Mail.ru Group Limited	
	2018 US\$'m	2017 US\$'m	2018 US\$'m	2017 US\$'m
<b>Opening net assets</b>	<b>27 726</b>	18 676	<b>2 946</b>	2 389
Profit for the year	10 888	6 101	30	34
Other comprehensive income	130	1 847	( 6)	12
Transactions with equity holders	2 811	2 880	-	1
Dividends	( 792)	( 573)	-	-
Foreign currency translation effects	3 198	(1 205)	( 45)	471
Other	-	-	14	39
<b>Closing net assets</b>	<b>43 961</b>	27 726	<b>2 939</b>	2 946
Non-controlling interests	3 349	1 688	1	1
Interest in associate (at year-end)	12 655	8 658	831	845
Goodwill	11	11	143	145
<b>Carrying value of investment</b>	<b>12 666</b>	8 669	<b>974</b>	990



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 8. INVESTMENTS IN ASSOCIATES (continued)

### Material associates' summarised financial information

	31 March MakeMyTrip Limited		31 March Delivery Hero AG	
	2018 US\$'m	2017 US\$'m	2018 US\$'m	2017 US\$'m
Non-current assets	298	-	1 052	-
Current assets	616	-	942	-
<b>Total assets</b>	<b>914</b>	<b>-</b>	<b>1 994</b>	<b>-</b>
Non-current liabilities	63	-	242	-
Current liabilities	184	-	274	-
<b>Total liabilities</b>	<b>247</b>	<b>-</b>	<b>516</b>	<b>-</b>
Revenue	520	-	408	-
Net profit from continuing operations	( 241)	-	( 295)	-
Other comprehensive income	69	-	( 68)	-
<b>Total comprehensive income</b>	<b>( 172)</b>	<b>-</b>	<b>( 363)</b>	<b>-</b>

### Reconciliation of summarised financial information to carrying value of investment

	31 March MakeMyTrip Limited		31 March Delivery Hero AG	
	2018 US\$'m	2017 US\$'m	2018 US\$'m	2017 US\$'m
<b>Opening net assets</b>	<b>471</b>	<b>-</b>	<b>-</b>	<b>-</b>
Profit for the year	( 241)	-	( 295)	-
Other comprehensive income	69	-	( 68)	-
Acquisitions/disposals	326	-	1 602	-
Transactions with equity holders	43	-	195	-
Foreign currency translation effects	-	-	45	-
Other	-	-	( 1)	-
<b>Closing net assets</b>	<b>668</b>	<b>-</b>	<b>1 478</b>	<b>-</b>
Non-controlling interests	( 1)	-	( 2)	-
Interest in associate (at year-end)	287	204	335	-
Goodwill	282	265	1 039	-
<b>Carrying value of investment</b>	<b>569</b>	<b>469</b>	<b>1 374</b>	<b>-</b>

The group acquired its interest in MakeMyTrip during January 2017. As the group's interest in MakeMyTrip is accounted for on a three-month lag basis, the group commenced accounting for its share of the results and net assets of MakeMyTrip for the first time during the 2018 financial year and accordingly the prior year carrying value of the investment represents only the initial interest acquired.





# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 8. INVESTMENTS IN ASSOCIATES (continued)

### Other associates' summarised financial information

	31 March	
	2018 US\$'m	2017 US\$'m
Net loss from continuing operations	( 192)	( 156)
Other comprehensive income	-	15
<b>Total comprehensive loss</b>	<b>( 192)</b>	<b>( 141)</b>
<b>Carrying value of investments</b>	<b>1 083</b>	<b>1 125</b>
<b>Total carrying value of investments in associates</b>	<b>16 666</b>	<b>10 784</b>

The group had no interest in associates' capital commitments or contingent liabilities as at 31 March 2018 and 2017.

## 9. INVESTMENTS IN JOINT VENTURES

The following information relates to the group's financial interest in its significant joint ventures:

Name of joint venture	Effective percentage interest <sup>(1)</sup>		Nature of business	Country of incorporation	Func- tional currency	Year-end
	2018 %	2017 %				
<b>Unlisted companies</b>						
Souq Group Limited <sup>(2)</sup>	-	36.4	Ecommerce	Singapore	US\$	December
Konga Online Shopping Limited <sup>(2)</sup>	-	50.9	Ecommerce	Nigeria	NGN	December
Sympla Internet Soluções SA	<b>34.2</b>	24.7	Ecommerce	Brazil	BRL	December
				The		
Silver Brazil JVCo B.V. (OLX Brazil)	<b>50.0</b>	49.9	Classifieds	Netherlands	US\$	December
El Cocinero a Cuerda S.L. (SinDelantal)	<b>25.3</b>	23.1	Ecommerce	Spain	EUR	December

<sup>(1)</sup> The percentage interest shown is the financial effective interest, after adjusting for the interests of the group's equity compensation plans treated as treasury shares and taking into account retention options. The group's financial effective interest is, in some instances, impacted by its shareholding in intermediate holding companies.

<sup>(2)</sup> The group disposed of its interests in Souq Group Limited and Konga Online Shopping Limited during the year – refer to note 3 for details regarding these disposals.

Adjustments are made for significant transactions that take place where the year-ends of joint ventures are not coterminous with that of Naspers Limited.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 9. INVESTMENTS IN JOINT VENTURES (continued)

	31 March	
	2018 US\$'m	2017 US\$'m
<b>Opening balance</b>	<b>79</b>	218
Joint ventures acquired - gross consideration	19	33
net assets acquired	13	30
goodwill and other intangibles recognised	6	3
Joint ventures classified as held for sale (refer to note 16)	-	( 102)
Share of current year other reserve movements	-	2
Share of equity-accounted results	( 19)	( 57)
net loss before amortisation	( 18)	( 57)
taxation	( 1)	-
Equity-accounted results due to acquisition accounting	( 2)	( 3)
amortisation of other intangible assets	( 2)	( 3)
Dividends received	( 2)	( 2)
Foreign currency translation effects	3	( 10)
<b>Closing balance</b>	<b>78</b>	79

The group recognised US\$21.0m (2017: US\$59.5m) as its share of equity-accounted losses from joint ventures in the income statement. Cumulative unrecognised losses relating to joint ventures that have been fully impaired, amounted to US\$nil (2017: US\$21.6m) as at 31 March 2018.

No impairment losses (2017: US\$nil) on investments in joint ventures have been recorded.

The group's share of joint ventures' other comprehensive income and reserves relates mainly to share-based compensation transactions.

None of the group's interests in joint ventures are considered to be individually material. The group had no interest in joint ventures' capital commitments or contingent liabilities at 31 March 2018 and 2017.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 10. INVESTMENTS AND LOANS

	31 March	
	2018	2017
	US\$'m	US\$'m
Available-for-sale investments	63	43
Investments in preference shares and convertible notes of associates	25	15
Loans to related parties	25	8
Other loans and receivables	2	16
<b>Total investments and loans</b>	<b>115</b>	<b>82</b>

Included in available-for-sale investments is an amount of US\$28.3m (2017: US\$30.0m) relating to equity investments and investments in funds that are measured at cost less accumulated impairment losses. The fair value of these investments cannot be measured with sufficient reliability on account of the group's minority shareholding and the associated lack of future cash flow information. There is no current intention to dispose of these investments.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 11. DEFERRED TAXATION

The deferred tax assets and liabilities and movements thereon were attributable to the following items:

	1 April 2017 US\$'m	Charged to income US\$'m	Charged to other compre- hensive income US\$'m	Acquisition of subsi- diaries and businesses US\$'m	Foreign exchange effects US\$'m	31 March 2018 US\$'m
<b>Deferred taxation assets</b>						
Provisions and other current liabilities	34	11	-	-	3	48
Capitalised finance leases	223	( 40)	-	-	30	213
Income received in advance	31	1	-	-	4	36
Tax losses carried forward	44	( 9)	-	-	( 2)	33
Other	40	( 1)	12	-	6	57
	372	( 38)	12	-	41	387
<b>Deferred taxation liabilities</b>						
Property, plant and equipment	5	4	-	-	( 1)	8
Intangible assets	211	( 19)	-	40	2	234
Receivables and other current assets	20	10	-	-	3	33
Capitalised finance leases	183	( 16)	-	-	25	192
Programme and film rights	25	-	-	-	3	28
Other	65	( 21)	( 12)	-	2	34
	509	( 42)	( 12)	40	34	529
<b>Net deferred taxation</b>	( 137)	4	24	( 40)	7	( 142)



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 11. DEFERRED TAXATION (continued)

	1 April 2016 US\$'m	Charged to income US\$'m	Charged to other compre- hensive income US\$'m	Acquisition of subsi- diaries and businesses US\$'m	Disposals of sub- sidiaries and businesses US\$'m	Foreign exchange effects US\$'m	Trans- ferred to held for sale US\$'m	31 March 2017 US\$'m
<b>Deferred taxation assets</b>								
Provisions and other current liabilities	35	( 4)	-	-	( 4)	8	( 1)	34
Capitalised finance leases	98	114	-	-	-	11	-	223
Income received in advance	27	2	-	-	-	2	-	31
Tax losses carried forward	23	8	18	-	-	-	( 5)	44
Other	25	( 2)	13	-	( 1)	6	( 1)	40
	208	118	31	-	( 5)	27	( 7)	372
<b>Deferred taxation liabilities</b>								
Property, plant and equipment	26	( 4)	-	-	-	3	( 20)	5
Intangible assets	212	( 23)	-	5	( 18)	34	1	211
Receivables and other current assets	19	( 1)	-	-	-	2	-	20
Provisions and other current liabilities								
Capitalised finance leases	54	124	-	-	-	5	-	183
Share-based compensation								
Derivatives								
Hedging reserve								
Programme and film rights	19	4	-	-	-	2	-	25
Translation reserve								
Other	49	-	21	-	-	( 5)	-	65
	379	100	21	5	( 18)	41	( 19)	509
<b>Net deferred taxation</b>	( 171)	18	10	( 5)	13	( 14)	12	( 137)

The ultimate outcome of additional taxation assessments may vary from the amounts accrued. However, management believes that any additional taxation liability over and above the amounts accrued would not have a material adverse impact on the group's income statement and statement of financial position.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 11. DEFERRED TAXATION (continued)

Deferred taxation assets and liabilities are offset when the income tax relates to the same fiscal authority and there is a legal right to offset at settlement. The following amounts are shown in the consolidated statement of financial position:

	31 March	
	2018 US\$'m	2017 US\$'m
<b>Classification in statement of financial position</b>		
Deferred tax assets	117	128
Deferred tax liabilities	( 259)	( 265)
<b>Net deferred tax liabilities</b>	<b>( 142)</b>	<b>( 137)</b>

The group has tax losses carried forward of approximately US\$3.5bn (2017: US\$2.8bn). A summary of the tax losses carried forward at 31 March 2018 by tax jurisdiction and the expected expiry dates are set out below:

	South Africa US\$'m	Rest of Africa US\$'m	Asia US\$'m	Europe US\$'m	Latin America and USA US\$'m	Total US\$'m
Expires in year one	-	15	30	114	3	162
Expires in year two	-	17	32	197	2	248
Expires in year three	-	57	23	164	2	246
Expires in year four	-	46	17	142	1	206
Expires in year five	-	7	17	153	-	177
Non-expiring/expires after year five	458	761	53	753	411	2 436
	458	903	172	1 523	419	3 475

The group recognised a deferred income tax expense of US\$13.2m (2017: US\$11.6m) in other comprehensive income as a result of changes in the fair value of derivative financial instruments that relate to cash flow hedges of foreign currency forecast transactions or firm commitments.

Total deferred taxation assets amount to US\$116.9m (2017: US\$128.3m), of which US\$62.1m (2017: US\$57.2m) will be utilised within the next 12 months and US\$54.8m (2017: US\$71.1m) after 12 months. Total deferred taxation liabilities amount to US\$258.8m (2017: US\$264.9m), of which US\$132.9m (2017: US\$166.7m) will be settled within the next 12 months and US\$125.9m (2017: US\$98.2m) after 12 months.

Included in the group's recognised deferred tax assets is an amount of US\$10.5m (2017: US\$54.7m), of which the utilisation depends on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences, and the relevant group entity from which the deferred tax asset arises has suffered a loss in either the current or a preceding period. These entities are expected to return to profitability in the foreseeable future.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 12. PROGRAMME AND FILM RIGHTS

	31 March	
	2018 US\$'m	2017 US\$'m
<b>Cost price</b>		
programme rights	740	667
film rights	80	74
	<b>820</b>	<b>741</b>
<b>Accumulated amortisation</b>		
programme rights	( 520)	( 496)
film rights	( 60)	( 52)
	<b>( 580)</b>	<b>( 548)</b>
<b>Carrying value</b>		
programme rights	220	171
film rights	20	22
	<b>240</b>	<b>193</b>

A significant portion of the group's cash obligations under contracts for video-entertainment programming and channels is denominated in US dollar. Forward foreign exchange cover is not available in many territories and accordingly exposures in those territories are not hedged. Where forward cover is available, the group uses forward exchange contracts to hedge the exposure to foreign currency risk. The group generally covers forward 100% of firm commitments in foreign currency for a minimum of 12 months and up to two years. The average forward rate for forward exchange contracts outstanding at 31 March 2018 is R14.29 (2017: R15.24) for US dollar cover and R17.44 (2017: R17.96) for euro cover in the video-entertainment segment.

At 31 March 2018 the group had entered into contracts for the purchase of programme and film rights. The group's commitments in respect of these contracts amount to US\$2.91bn (2017: US\$2.02bn).





# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 13. INVENTORY

	31 March	
	2018 US\$'m	2017 US\$'m
<b>Carrying value</b>		
Finished products, trading inventory and consumables	208	121
Work in progress	2	2
Decoders and associated components	76	87
Gross inventory	286	210
Allowance for slow-moving and obsolete inventories	( 55)	( 56)
<b>Net inventory</b>	<b>231</b>	<b>154</b>

The total allowance charged to the income statement to write inventory down to net realisable value amounted to US\$47.5m (2017: US\$51.3m), and reversals of these allowances amounted to US\$4.7m (2017: US\$2.1m). Net realisable value write-downs relate primarily to set-top box subsidies in the video-entertainment segment.

## 14. TRADE RECEIVABLES

	31 March	
	2018 US\$'m	2017 US\$'m
<b>Carrying value</b>		
Trade accounts receivable, gross	531	486
Less: Allowance for impairment of receivables	( 79)	( 66)
	452	420
The movement in the allowance for impairment of trade receivables during the year was as follows:		
<b>Opening balance</b>	( 66)	( 45)
Additional allowances charged to income statement	( 24)	( 35)
Allowances reversed through the income statement	9	4
Allowances utilised	6	7
Disposal of subsidiaries	-	4
Foreign currency translation effects	( 4)	( 1)
<b>Closing balance</b>	<b>( 79)</b>	<b>( 66)</b>

The group's maximum exposure to credit risk at the reporting date is the carrying value of the trade receivables mentioned above. The group does not hold any form of collateral as security relating to trade receivables. Refer to note 40 for the group's credit risk management policy and to note 26 for details of assets pledged as security against finance leases and other liabilities.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 14. TRADE RECEIVABLES (continued)

At 31 March 2018 and 2017 the total allowance for impairment of trade receivables comprised both portfolio allowances and specific allowances. The majority of the allowance related to a portfolio allowance, which cannot be identified with specific receivables.

The ageing of trade receivables as well as the amount of the impairment allowance per age class is presented below:

	31 March 2018		31 March 2017	
	Carrying value US\$'m	Impairment US\$'m	Carrying value US\$'m	Impairment US\$'m
Neither past due nor impaired	255	-	226	-
Past due 30 to 59 days	62	( 7)	68	( 13)
Past due 60 to 89 days	33	( 9)	30	( 4)
Past due 90 to 119 days	22	( 3)	20	( 3)
Past due: 120 days and older <sup>(1)</sup>	159	( 60)	142	( 46)
	531	( 79)	486	( 66)

<sup>(1)</sup> Includes US\$95.5m (2017: US\$91.5m) of trade receivables relating to the group's video-entertainment agency in Angola. Due to constrained liquidity and limited availability of foreign currency, remittances have been delayed.

## 15. OTHER RECEIVABLES

	31 March	
	2018 US\$'m	2017 US\$'m
Prepayments	355	230
Accrued income	33	24
Staff debtors	3	2
VAT and related taxes receivable	113	80
Merchant and bank receivables	141	66
Sundry deposits	12	7
Interest receivable on cross-currency interest rate swap	8	-
Disposal proceeds receivable	34	-
Other receivables	80	76
<b>Total other receivables</b>	<b>779</b>	<b>485</b>
Less: non-current portion of other receivables <sup>(1)</sup>	( 21)	( 32)
<b>Current portion of other receivables</b>	<b>758</b>	<b>453</b>

<sup>(1)</sup> Relates to non-current prepaid rental deposits and employment linked prepayments.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 16. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

During the year ended 31 March 2017 the group announced the unbundling of the majority of its shareholding in its subsidiary Novus Holdings Limited (Novus), operating in the print industry in South Africa. The assets and liabilities of Novus were classified as held for distribution as at 31 March 2017. In August 2017 the group received regulatory approval for the unbundling which was finalised during September 2017. Refer to note 3 for further details.

In May 2017 the group concluded the disposal of its joint venture Souq Group Limited (Souq), following the receipt of regulatory approval. Souq was classified as held for sale as at 31 March 2017. Refer to note 3 for further details.

The group also concluded the disposals of various other smaller units of which the assets and liabilities were classified as held for sale as at 31 March 2017.

The group had no assets and liabilities classified as held for sale as at 31 March 2018. Assets and liabilities classified as held for sale in prior periods are detailed in the following table:

	31 March	
	2018 US\$m	2017 US\$m
<b>Assets classified as held for sale</b>		
Property, plant and equipment	-	176
Goodwill and other intangible assets	-	35
Investment in joint venture	-	102
Deferred taxation assets	-	7
Inventory	-	26
Trade and other receivables	-	34
Cash and cash equivalents	-	23
	-	403
<b>Liabilities classified as held for sale</b>		
Deferred taxation liabilities	-	19
Long-term liabilities	-	6
Bank overdrafts	-	-
Trade payables	-	18
Accrued expenses and other current liabilities	-	27
	-	70

The group recognised a loss of US\$nil (2017: US\$1.6m) as part of "Other (losses)/gains – net" in the income statement on remeasuring the net assets of businesses classified as held for sale to their fair value less costs of disposal during the year. The fair value of the businesses was determined based on third-party sales prices. This represents a level 3 fair-value measurement as defined in note 41.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 17. RELATED PARTY TRANSACTIONS AND BALANCES

### Directors' remuneration

	31 March	
	2018 US\$'000	2017 US\$'000
<b>Non-executive directors</b>		
fees for services as directors	4 126	3 600
fees for services as directors of subsidiary companies	876	829
	<b>5 002</b>	4 429

No executive director has a notice period of more than one year.

The company directors' service contracts do not include predetermined compensation as a result of termination that would exceed one year's salary and benefits and none are linked to any restraint payments.

The individual directors received the following remuneration and emoluments:

	Salary US\$'000	Annual short-term incentive payments US\$'000	Pension contributions and other benefits paid on behalf of director US\$'000	Total US\$'000
<b>Executive directors</b>				
<b>2018</b>				
V Sgourdos	862	605	108	1 575
Paid by other companies in the group				
M R Sorour	719	1 904	233	2 856
Paid by other companies in the group				
B van Dijk	1 332	1 064	146	2 542
Paid by other companies in the group				
	<b>2 913</b>	<b>3 573</b>	<b>487</b>	<b>6 973</b>
<b>2017</b>				
V Sgourdos	828	443	105	1 376
Paid by other companies in the group				
M R Sorour	682	1 718	233	2 633
Paid by other companies in the group				
B van Dijk	1 104	973	125	2 202
Paid by other companies in the group				
	<b>2 614</b>	<b>3 134</b>	<b>463</b>	<b>6 211</b>



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 17. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

### Directors' remuneration (continued)

Annual performance-related short-term incentive (STI) payments made in respect of the 2017/2018 performance year for Basil Sgourdos, Mark Sorour and Bob van Dijk were based on a combination of group financial, strategic and operational objectives, approved by the human resources and remuneration committee. For Bob van Dijk and Basil Sgourdos these group financial objectives had a weighting of 50% of maximum annual STI and for Mark Sorour the weighting is 30% of maximum STI.

The individual directors received the following remuneration and emoluments during the current financial year:

	2018						Total US\$'000
	Directors' fees		Committee and trustee fees		Other fees <sup>(4)</sup>		
	Paid by company	Paid by subsidiary	Paid by company	Paid by subsidiary	Paid by company	Paid by subsidiary	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
Non-executive directors							
J P Bekker <sup>(1)</sup>	526	23	-	-	-	-	549
E Choi <sup>(2)</sup>	258	-	28	-	-	-	286
H J du Toit <sup>(3)</sup>	-	-	-	-	-	-	-
C L Enenstein	258	-	10	-	-	50	318
D G Eriksson	233	53	235	52	-	-	573
R C C Jafta	233	70	199	10	-	-	512
F L N Letele	233	-	23	-	-	433	689
G Liu	258	-	-	-	-	-	258
D Meyer	233	23	23	13	-	-	292
R Oliveira de Lima	261	-	5	-	-	50	316
S J Z Pacak	251	35	26	17	-	47	376
T M F Phaswana	233	-	48	-	-	-	281
J D T Stofberg	251	-	-	-	-	-	251
B J van der Ross	230	-	71	-	-	-	301
	3 458	204	668	92	-	580	5 002

<sup>(1)</sup> Koos Bekker elected to donate the full after-tax proceeds of his Naspers director's fees, being R3.4m, to Simondium Primary, a school serving mostly farmworkers' children in the Drakenstein Valley of South Africa.

<sup>(2)</sup> Appointed 21 April 2017.

<sup>(3)</sup> Hendrik du Toit elected not to receive directors' fees.

<sup>(4)</sup> Compensation for assignments.

#### General notes

Directors' fees include fees for services as directors, where appropriate, of Media24 Proprietary Limited, MultiChoice South Africa Holdings Proprietary Limited and NMS Insurance Services Limited. An additional fee may be paid to directors for work done as directors with specific expertise.

Committee fees include fees for attending meetings of the audit committee, risk committee, human resources and remuneration committee, nomination committee and social and ethics committee. Committee and trustee fees include, where appropriate, fees to be considered by shareholders at the annual general meeting on 24 August 2018 for services as trustees of the group share-based schemes. Non-executive directors are subject to regulations on appointment and rotation in terms of the company's memorandum of incorporation and the South African Companies Act.

Non-executive directors are subject to regulations on appointment and rotation in terms of the company's memorandum of incorporation and the South African Companies Act.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 17. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

	2017						
	Directors' fees		Committee and trustee fees		Other fees <sup>(2)</sup>		
	Paid by company	Paid by subsidiary	Paid by company	Paid by subsidiary	Paid by company	Paid by subsidiary	Total
Non-executive directors	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
J P Bekker	504	20	-	-	-	-	524
H J du Toit <sup>(1)</sup>	-	-	-	-	-	-	-
C L Enenstein	246	-	-	-	-	50	296
D G Eriksson	218	47	224	36	-	-	525
R C C Jafta	218	61	180	26	-	-	485
F L N Letele	218	-	22	-	-	275	515
G Liu	232	-	-	-	-	-	232
D Meyer	218	20	22	12	-	-	272
R Oliveira de Lima	232	-	-	-	-	50	282
S J Z Pacak	246	31	25	14	-	187	503
T M F Phaswana	242	-	46	-	-	-	288
J D T Stofberg	221	-	-	-	-	-	221
B J van der Ross	218	-	68	-	-	-	286
	3 013	179	587	88	-	562	4 429

<sup>(1)</sup> Appointed 1 April 2016. Hendrik du Toit elected not to receive director's fees.

<sup>(2)</sup> Compensation for assignments.

### General notes

Directors' fees include fees for services as directors, where appropriate, of Media24 Proprietary Limited, MultiChoice South Africa Holdings Proprietary Limited and NMS Insurance Services Limited. An additional fee may be paid to directors for work done as directors with specific expertise.

Committee fees include fees for attending meetings of the audit committee, risk committee, human resources and remuneration committee, nomination committee, and social and ethics committee.

Non-executive directors are subject to regulations on appointment and rotation in terms of the company's memorandum of incorporation and the South African Companies Act.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 17. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

### Directors' interests in Naspers scheme shares in the group's share incentive schemes

The executive directors of Naspers are allowed to participate in Naspers group share-based incentive schemes (including those of associate companies and joint ventures). Details as at 31 March 2018 in respect of the executive directors' participation in such scheme shares not yet released, are as follows:

Name	Incentive scheme	Offer date	Number of shares	Purchase price	Release period	Value of option <sup>(1)</sup>
V Sgourdos	MIH Services FZ LLC	11/07/2013	9 120	R767.89	11/07/2018	R344.19
	MIH Services FZ LLC	04/09/2014	14 940	R1 378.67	04/09/2018 to 04/09/2019	R648.05 to R695.10
	MIH Services FZ LLC	18/09/2015	6 741	R1 740.85	18/09/2018 to 18/09/2020	R765.98 to R914.29
	MIH Services FZ LLC	25/09/2015	1 378	R1 700.53	25/09/2018 to 25/09/2020	R748.89 to R894.66
	MIH Services FZ LLC	29/08/2016	9 691	R2 429.53	29/08/2019 to 29/08/2021	R909.76 to R1 135.31
	MIH Services FZ LLC	08/09/2017	5 776	R2 861.73	08/09/2018 to 08/09/2021	R638.05 to R1083.79
	Naspers Global Ecommerce SAR	17/09/2015	29 049	US\$18.59	17/09/2018 to 17/09/2020	US\$6.04 to US\$6.84
	Naspers Global Ecommerce SAR	29/08/2016	130 400	US\$20.45	29/08/2018 to 29/08/2021	US\$5.78 to US\$7.07
	Naspers Global Ecommerce SAR	15/08/2017	126 766	US\$27.25	15/08/2018 to 15/08/2022	US\$5.52 to US\$7.91
	Naspers Global Ecommerce SAR	08/09/2017	105 088	US\$27.60	08/09/2018 to 08/09/2022	US\$5.51 to US\$7.80
	Showmax SAR	18/09/2015	3 334	US\$18.00	18/09/2018 to 18/09/2020	US\$9.30 to US\$10.28
M R Sorour <sup>(2)</sup>	MIH Holdings	11/07/2013	13 680	R767.89	11/07/2018	R334.75
	MIH Holdings	28/03/2014	10 000	R1 152.89	28/03/2019	R568.24
	MIH Holdings	04/09/2014	18 674	R1 378.67	04/09/2018 to 04/09/2019	R626.11 to R676.96
	MIH Holdings	18/09/2015	10 111	R1 740.85	18/09/2018 to 18/09/2020	R765.98 to R914.29
	MIH Holdings	25/09/2015	2 067	R1 700.53	25/09/2018 to 25/09/2020	R748.89 to R894.66
	MIH Holdings	29/08/2016	7 787	R2 429.53	29/08/2019 to 29/08/2021	R909.76 to R1 135.31
	MIH Holdings	28/08/2017	11 049	R2 945.89	28/08/2018 to 28/08/2021	R673.40 to R1 144.64

<sup>(1)</sup> The value of the option represents the fair value on grant date in accordance with IFRS in respect of scheme currency.

<sup>(2)</sup> Retired as an executive director on 31 March 2018. Mark remained on the board as a non-executive director.





# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 17. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

### Directors' interests in Naspers scheme shares in the group's share incentive schemes (continued)

Name	Incentive scheme	Offer date	Number of shares	Purchase price	Release period	Value of option <sup>(1)</sup>
M R Sorour <sup>(2)</sup> (continued)	Flipkart Limited SAR	10/09/2014	1 235	US\$63.64	10/09/2018 to 10/09/2019	US\$24.63 to US\$26.04
	Flipkart Limited SAR	11/09/2015	2 830	US\$63.64	11/09/2018 to 11/09/2020	US\$23.80 to US\$26.75
	Flipkart Limited SAR	30/08/2016	3 368	US\$63.64	30/08/2018 to 30/08/2021	US\$17.01 to US\$20.90
	Naspers Global Ecommerce SAR	12/09/2014	26 987	US\$15.58	12/09/2018 to 12/09/2019	US\$5.26 to US\$5.59
	Naspers Global Ecommerce SAR	17/09/2015	25 822	US\$18.59	17/09/2018 to 17/09/2020	US\$6.04 to US\$6.84
	Naspers Global Ecommerce SAR	29/08/2016	27 943	US\$20.45	29/08/2018 to 29/08/2021	US\$5.78 to US\$7.07
	MIH China/MIH TC 2008 SAR	17/01/2014	8 000	US\$42.95	17/01/2019	US\$11.54
	SimilarWeb Limited SAR	10/09/2014	692	US\$1.45	10/09/2018 to 10/09/2019	US\$0.52 to US\$0.55
	SimilarWeb Limited SAR	17/09/2015	4 491	US\$6.68	17/09/2018 to 17/09/2020	US\$2.83 to US\$3.16
	SimilarWeb Limited SAR	02/09/2016	5 348	US\$6.68	02/09/2018 to 02/09/2021	US\$3.53 to US\$4.15
	Showmax SAR	18/09/2015	6 667	US\$18.00	18/09/2018 to 18/09/2020	US\$9.30 to US\$10.28
	Takealot SAR	11/09/2015	3 282	R111.04	11/09/2018 to 11/09/2020	US\$52.77 to US\$61.26
	Takealot SAR	30/08/2016	3 704	R130.95	30/08/2018 to 30/08/2021	US\$48.72 to US\$65.50

<sup>(1)</sup> The value of the option represents the fair value on grant date in accordance with IFRS in respect of scheme currency.

<sup>(2)</sup> Retired as an executive director on 31 March 2018. Mark remained on the board as a non-executive director.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 17. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

### Directors' interests in Naspers scheme shares in the group's share incentive schemes (continued)

Name	Incentive scheme	Offer date	Number of shares	Purchase price	Release period	Value of option <sup>(1)</sup>
B van Dijk	MIH Services FZ LLC	11/07/2013	6 698	R767.89	11/07/2018	R344.19
	MIH Services FZ LLC	28/03/2014	277 334	R1 152.89	28/03/2019	R581.92
	MIH Services FZ LLC	05/07/2016	147 906	R2 162.89	05/07/2019 to 05/07/2021	R842.78 to R1 041.61
	MIH Services FZ LLC	08/09/2017	51 728	R2 861.73	08/09/2018 to 08/09/2021	R638.05 to R1 083.79
	Flipkart Limited SAR	10/09/2014	146 344	US\$63.64	10/09/2018 to 10/09/2019	US\$24.63 to US\$26.04
	Naspers Global Ecommerce SAR	12/09/2014	2 986 455	US\$15.58	12/09/2018 to 12/09/2019	US\$5.26 to US\$5.59
	Naspers Global Ecommerce SAR	15/08/2017	733 945	US\$27.25	15/08/2018 to 15/08/2022	US\$5.52 to US\$7.91
	Naspers Global Ecommerce SAR	08/09/2017	175 259	US\$27.60	08/09/2018 to 08/09/2022	US\$5.51 to US\$7.80
	SimilarWeb Limited SAR	10/09/2014	79 874	US\$1.45	10/09/2018 to 10/09/2019	US\$0.52 to US\$0.55

<sup>(1)</sup> The value of the option represents the fair value on grant date in accordance with IFRS in respect of scheme currency.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 17. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

### Directors' interests in Naspers shares

The directors of Naspers have the following interests in Naspers A ordinary shares at 31 March:

Name	2018			2017		
	Naspers A ordinary shares			Naspers A ordinary shares		
	Beneficial			Beneficial		
	Direct	Indirect	Total	Direct	Indirect	Total
J D T Stofberg	-	166	166	-	166	166

<sup>(1)</sup> Naspers has an obligation in terms of its memorandum of incorporation (MOI) to maintain its control structure. The voting percentage of the control structure companies, Naspers Beleggings (RF) Beperk and Keeromstraat 30 Beleggings (RF) Beperk, was falling close to below 50% as a result of the issue of Naspers N ordinary shares. The board therefore approved a capitalisation award of 194 997 A ordinary shares to A ordinary shareholders to be implemented on 26 November 2015. The effect of the capitalisation issue increased the voting percentage of the control structure companies to 54.86%, and restored the voting percentage of the A ordinary shareholders to 68.38% – the percentage it was when the new MOI of Naspers Limited was adopted in August 2012.

Koos Bekker and Cobus Stofberg each have an indirect 25% interest in Wheatfields 221 Proprietary Limited, which controls 168 605 Naspers Beleggings (RF) Beperk ordinary shares, 16 860 500 Keeromstraat 30 Beleggings (RF) Beperk ordinary shares and 133 350 Naspers A shares.

No other director of Naspers had any direct interest in Naspers A ordinary shares at 31 March 2018 or 31 March 2017.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 17. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

### Directors' interests in Naspers shares (continued)

The directors of Naspers (and their associates) had the following interests in Naspers N ordinary shares as at 31 March:

Name	2018			2017		
	Naspers N ordinary shares			Naspers N ordinary shares		
	Beneficial			Beneficial		
	Direct	Indirect	Total	Direct	Indirect	Total
J P Bekker	-	4 688 691	4 688 691	-	4 688 691	4 688 691
E M Choi <sup>(1)</sup>	-	-	-	-	-	-
C L Enenstein	-	-	-	-	-	-
D G Eriksson	-	-	-	-	-	-
R C C Jafta	-	-	-	-	-	-
F L N Letele <sup>(2)</sup>	1 474	-	1 474	737	-	737
G Liu	-	-	-	-	-	-
D Meyer	-	-	-	-	-	-
R Oliveira de Lima	-	-	-	-	-	-
S J Z Pacak <sup>(3)(4)</sup>	376 635	291 548	668 183	312 635	537 548	850 183
T M F Phaswana	-	3 530	3 530	-	3 530	3 530
V Sgourdos	-	86 990	86 990	-	59 277	59 277
M R Sorour <sup>(5)(6)</sup>	1 219	61 556	62 775	1 262	23 680	24 942
J D T Stoffberg	159 831	291 888	451 719	159 831	291 888	451 719
B J van der Ross <sup>(7)</sup>	1 650	820	2 470	-	400	400
B van Dijk	-	568 062	568 062	-	284 031	284 031
	540 809	5 993 085	6 533 894	474 465	5 889 045	6 363 510

<sup>(1)</sup> Appointed on 21 April 2017.

<sup>(2)</sup> On 8 February 2018 Nolo Letele purchased 737 Naspers N ordinary shares upon payment of the amount of R100 794.54 to the MIH Holdings Share Trust.

<sup>(3)</sup> On 10 July 2017 Steve Pacak's family trust sold 15 000 Naspers N ordinary shares at average market prices ranging between R2 523.00 and R2 529.37 per share. On 7 February 2018 Steve's family trust sold 185 000 Naspers N ordinary shares at average market prices ranging between R3 012.86 and R3 077.24 per share in the MIH Services FZ LLC Share Trust. On 7 February 2018, 300 000 Naspers N ordinary shares were delivered to Steve's family trust upon payment of the amount of R41 028 950.84 to MIH Services FZ LLC Share Trust from the proceeds of the sale of the 185 000 Naspers N ordinary shares. On 7 September 2017 18 000 N ordinary shares held in the to MIH Services FZ LLC Share Trust vested.

<sup>(4)</sup> The comparative has been restated to correct the allocation between direct and indirect holding. The total number of shares held remains unchanged.

<sup>(5)</sup> On 13 March 2018 Mark Sorour's spouse sold 43 Naspers N ordinary shares at a market price of R3 566.00 per share.

<sup>(6)</sup> Retired as an executive director on 31 March 2018. Mark remained on the board as a non-executive director.

<sup>(7)</sup> On 15 December 2017 Ben van der Ross's family trust purchased 420 Naspers N ordinary shares at a market price of R3 395.00 per share. On 16 January 2018 Ben purchased 1 650 Naspers N ordinary shares at average market prices ranging between R3 653.76 and R3 679.19 per share.

There have been no further changes to the directors' interests in the table above between the end of the financial year and 22 June 2018.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 17. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

### Key management remuneration

Comparatives have not been restated to account for the change in the composition of key management.

The total of executive directors' and key management's emoluments amounted to US\$45.4m (2017: US\$51.9m), comprising short-term employee benefits of US\$15.0m (2017: US\$14.5m), post-employment benefits of US\$0.8m (2017: US\$1.0m) and a share-based payment expense of US\$29.6m (2017: US\$36.4m).

No other remuneration is paid to executive directors. Remuneration is earned for services rendered in conducting the business of the group.

## 18. SHARE CAPITAL AND PREMIUM

	31 March	
	2018 US\$'m	2017 US\$'m
<b>Authorised</b>		
1 250 000 A ordinary shares of R20 each	2	2
500 000 000 N ordinary shares of 2 SA cents each	2	2
	4	4
<b>Issued</b>		
907 128 A ordinary shares of R20 each (2017: 907 128)	2	2
438 656 059 N ordinary shares of 2 SA cents each (2017: 438 265 253)	2	2
	4	4
<b>Share premium</b>	6 154	6 070
	6 158	6 074
Cumulative effect of treasury shares used in equity compensation plans <sup>(1)</sup>	(1 193)	(1 130)
	4 965	4 944

<sup>(1)</sup> Refers to the cumulative net effect on share premium of treasury shares held at cost and the gains and losses arising on vesting of equity compensation awards.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 18. SHARE CAPITAL AND PREMIUM (continued)

### Treasury shares

The group holds a total of 6 530 202 N ordinary shares (2017: 6 725 537), or 1.5% (2017: 1.5%), of the gross number of N ordinary shares in issue at 31 March 2018 as treasury shares. Equity compensation plans hold 3 097 876 (2017: 3 293 211) of the N ordinary shares and the remaining 3 432 326 (2017: 3 432 326) N ordinary shares are held by various group companies.

### Voting and dividend rights

The company's issued share capital at 31 March 2018 consisted of 907 128 A ordinary shares and 438 656 059 N ordinary shares. The N ordinary shares are listed on the JSE and on a poll carry one vote per share. The A ordinary shares are not listed on a stock exchange and on a poll carry 1 000 votes per share.

In terms of the Naspers memorandum of incorporation, both N and A ordinary shareholders are entitled to nominal dividends. However, the dividends declared to A ordinary shareholders are equal to one-fifth of the dividends to which N ordinary shareholders are entitled.

Naspers Limited, through Heemstede Beleggings Proprietary Limited, a wholly owned subsidiary of the company, holds 49% of Naspers Beleggings (RF) Limited. Naspers Beleggings (RF) Limited, in turn, holds 445 839 (2017: 445 839) A ordinary shares (49.1% of the total A ordinary shares in issue), which carry approximately 33.1% of the total voting rights in respect of the company's ordinary shares. Keeromstraat 30 Beleggings (RF) Limited holds 279 406 (2017: 279 406) A ordinary shares (30.8% of the total A ordinary shares in issue), which represents 20.8% of the total voting rights in respect of the company's ordinary shares. Some of the company's directors are on the boards of Keeromstraat Beleggings (RF) Limited and Naspers Beleggings (RF) Limited, but do not represent the majority of board members. Each of these boards operates independently. Naspers Beleggings (RF) Limited and Keeromstraat Beleggings (RF) Limited collectively hold 53.9% of the voting rights in respect of the company, exercise their voting rights in consultation with one another in terms of a voting pool agreement and constitute the control structure of Naspers Limited. If they vote together they can vote the majority of the total voting rights in the company, including in respect of any takeover offer. Under the voting pool agreement, if Naspers Beleggings (RF) Limited and Keeromstraat Beleggings (RF) Limited cannot agree on how to vote then they are required to vote against resolutions that would materially change the control, directorate or senior management of Naspers or the nature, scope or size of Naspers's businesses.

If the company is liquidated, holders of A ordinary shares will be paid the nominal value of such shares before any payment is made to holders of N ordinary shares. This amounted to approximately R18 142 560 as at 31 March 2018.

### Unissued share capital

The directors of the company have unrestricted authority, until the next annual general meeting, to allot and issue the unissued 342 872 A ordinary shares and 61 343 941 N ordinary shares of the company. This authority was granted subject to the provisions of the Companies Act No 71 of 2008, the JSE Limited Listings Requirements and any other exchange on which the shares of the company may be quoted or listed from time to time.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 18. SHARE CAPITAL AND PREMIUM (continued)

	2018 Number of N shares	2017 Number of N shares
<b>Movement in N ordinary shares in issue during the year</b>		
Shares in issue at 1 April	438 265 253	437 920 115
Shares issued to share incentive trusts and group companies	390 806	345 138
<b>Shares in issue at 31 March</b>	<b>438 656 059</b>	<b>438 265 253</b>
<b>Movement in N ordinary shares held as treasury shares during the year</b>		
Shares held as treasury shares at 1 April	6 725 537	6 835 391
Shares issued to share incentive trusts and companies <sup>(1)</sup>	433 775	402 583
Shares acquired by participants from equity compensation plans	( 629 110)	( 512 437)
<b>Shares held as treasury shares at 31 March</b>	<b>6 530 202</b>	<b>6 725 537</b>
<b>Net number of N ordinary shares in issue at 31 March</b>	<b>432 125 857</b>	<b>431 539 716</b>

<sup>(1)</sup> Includes shares issued to share incentive trusts and group companies as well as shares purchased on the open market by share incentive trusts and group companies.

	31 March 2018 US\$'m	2017 US\$'m
<b>Share premium</b>		
Balance at 1 April	6 070	6 014
Share premium on share issues	84	56
<b>Balance at 31 March</b>	<b>6 154</b>	<b>6 070</b>

Refer to note 43 for the group's equity compensation plans.

### Capital management

The group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders and benefits for other stakeholders by pricing products and services commensurately with the level of risk.

Naspers relies upon distributions, including dividends, from its subsidiaries, associates and joint ventures to generate the funds necessary to meet the obligations and other cash flow requirements of the combined group. The operations of the group have historically been funded in a number of ways. The internet development activities were primarily funded by cash generated from the video-entertainment businesses as well as debt and equity financing. Recent acquisitions of ecommerce businesses were primarily funded through debt financing. The ecommerce businesses are beginning to scale and accordingly, they will become cash generative and able to sustain their operating capital requirements. The group received US\$247.0m (2017: US\$191.0m) in dividends from Tencent during the year and US\$336m after the year-end – an increase of 36% compared to the 2018 financial year. Further, the disposal of 6% of the group's investment in Tencent has provided additional funds that will be used to reinforce the statement of financial position. Additionally, these funds will be invested over time to accelerate the growth of the classifieds, online-food delivery services and fintech businesses globally and to pursue growth opportunities when they arise.

The group's general business strategy is to acquire developing businesses and to provide funding to meet the cash needs of those businesses until they can, within a reasonable period of time, become self-funding. Funding is provided through a combination of loans and share capital, depending on the country-specific regulatory requirements. From a subsidiary's perspective, intergroup loan funding is generally considered to be part of the capital structure. The focus on increased profitability and cash flow generation will continue into the foreseeable future, although the group will continue to actively evaluate potential growth opportunities within its areas of expertise.





# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 18. SHARE CAPITAL AND PREMIUM (continued)

### Capital management (continued)

The group will also grow its business in the future by making equity investments in growth companies. The group anticipates that it may fund future acquisitions and investments through the issue of debt and equity instruments and utilisation of available cash resources.

The group follows a risk-based approach to the determination of the optimal capital structure. The group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or modify the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

In July 2010 the group issued a seven-year US\$700m bond that carried a fixed interest rate of 6.375% per annum. The bond matured in July 2017 and was repaid on maturity date. The group issued an additional seven-year US\$1bn bond in July 2013. The bond matures in July 2020 and carries a fixed interest rate of 6% per annum.

The group issued a 10-year US\$1.2bn bond in July 2015. The bond matures in July 2025 and carries a fixed interest rate of 5.5% per annum. The group issued a 10-year US\$1.0bn bond in July 2017. The bond matures in July 2027 and carries a fixed interest rate of 4.85% per annum.

During November 2015 the group amended and extended its previous revolving credit facility (RCF) and bilateral facilities of US\$2.25bn with a new RCF of US\$2.5bn. The new RCF matures in November 2020 and bears interest at US LIBOR plus 1.25%, before commitment and utilisation fees.

The borrower under the bonds and the undrawn US\$2.5bn (2017: undrawn balance of US\$2.5bn) RCF (refer to the group's unutilised banking facilities disclosed in note 40) is Myriad International Holdings B.V. and the facilities are guaranteed by Naspers Limited. The borrower is obligated to pay a commitment fee equal to 35% of the applicable margin under the RCF. The undrawn balance of the RCF is available to fund future investments and development expenditure by the group as part of its growth strategy.

As of 31 March 2018 the group had total interest-bearing debt (including capitalised finance leases) of US\$4.4bn (2017: US\$4.1bn) and net cash and cash equivalents of US\$11.4bn (2017: US\$4.0bn). The net interest-bearing debt-to-equity ratio was negative (2017: 1%) at 31 March 2018 due to the group's net cash position. The group excludes satellite transponders from total interest-bearing debt when evaluating and managing capital. These items are considered to be operating expenses. The adjusted total interest-bearing debt (excluding transponder leases) was US\$3.2bn (2017: US\$2.9bn) and the adjusted net interest-bearing debt-to-equity ratio was negative due to the group's net cash position of US\$8.2bn (2017: US\$1.1bn) at 31 March 2018.

The group does not have a formally targeted debt-equity ratio. The group has specific financial covenants in place with various financial institutions to govern its debt, all of which were complied with during the reporting period. These financial covenants are linked to various financial metrics including the net-debt-to-adjusted-EBITDA ratio and interest cover.

The group's listed bonds are rated by Moody's and Standard & Poor's (S&P) as Baa3 and BBB-, respectively, and both with a stable outlook.

South African exchange control regulations provide for a common monetary area consisting of the Republic of South Africa, the Kingdom of Lesotho, the Kingdom of Swaziland and the Republic of Namibia, and restrict the export of capital from the common monetary area. Approval by the South African Reserve Bank is required for any acquisitions outside of the common monetary area if the acquisition is funded from within the common monetary area.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 19. OTHER RESERVES

	31 March	
	2018	2017
	US\$'m	Restated US\$'m
<b>Other reserves in the statement of financial position comprise:</b>		
Foreign currency translation reserve	( 761)	(1 852)
Hedging reserve	( 106)	( 30)
Valuation reserve	1 679	1 387
Existing control business combination reserve	(1 847)	(1 652)
Share-based compensation reserve	1 460	1 147
	<b>425</b>	<b>(1 000)</b>

The foreign currency translation reserve relates to exchange differences arising on the translation of foreign operations' income statements and statements of comprehensive income at average exchange rates for the year and their statements of financial position at the ruling exchange rates at the reporting date if the functional currency differs from the group's presentation currency. The movement on the foreign currency translation reserve for the year relates primarily to the effects of foreign exchange rate fluctuations related to the group's net investments in its subsidiaries.

The hedging reserve relates to changes in the fair value of derivative financial instruments and relevant underlying hedged items. It hedges forecast transactions or the foreign currency part of firm commitments. The changes in fair value are recorded in the hedging reserve until the forecast transaction or firm commitment results in the recognition of a non-financial asset or liability, when such deferred gains or losses are included in the initial measurement of the non-financial asset or liability. Refer to note 40 for the movements in the hedging reserve during the year.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 19. OTHER RESERVES (continued)

The valuation reserve relates to fair-value changes in available-for-sale investments, remeasurements on post-employment benefit plans, differences between the fair value and the contractually stipulated value of shares issued in business combinations and other acquisitions as well as the group's share of equity-accounted investees' revaluations of their available-for-sale investments. The components of the valuation reserve that may be subsequently reclassified to the income statement during future periods are reserves relating to available-for-sale investments and the group's share of equity-accounted investees' revaluations of their available-for-sale investments. During the current year, US\$128.5m (2017: US\$59.3m), previously recognised as the group's share of other comprehensive income of equity-accounted investments, was reclassified to the income statement by equity-accounted investees and has therefore been included in the group's share of equity-accounted results. Movements in the valuation reserve during the year, after the effects of non-controlling interests, are detailed below:

	31 March	
	2018 US\$m	2017 US\$m
<b>Opening balance</b>	<b>1 387</b>	573
Fair-value losses on available-for-sale investments	( 4)	( 1)
Foreign currency translation reserve movements on equity reserves	2	10
Valuation reserve reclassified to the income statement	( 106)	-
Share of valuation reserve of equity-accounted investments	400	805
<b>Closing balance</b>	<b>1 679</b>	1 387

The existing control business combination reserve is used to account for transactions with non-controlling shareholders, whereby the excess of the cost of the transactions over the acquirer's proportionate share of the net asset value acquired/sold is allocated to this reserve in equity. Written put options and other obligations that may require the group to purchase its own equity instruments by delivering cash or another financial asset are also initially recognised from this reserve. Similarly, written put options and other similar obligations are reclassified to this reserve in the event of cancellation or expiry.

The grant date fair value of share incentives issued to employees in equity-settled share-based payment transactions is accounted for in the share-based compensation reserve over the vesting period, if any. The reserve is adjusted at each reporting period when the entity revises its estimates of the number of share incentives that are expected to vest. The impact of revisions of original estimates, if any, is recognised in the income statement, with a corresponding adjustment to this reserve in equity.

A significant proportion of the group's foreign currency translation, valuation and share-based compensation reserves relates to the group's interests in its equity-accounted investments, particularly Tencent.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 20. RETAINED EARNINGS

Distributions made by Naspers Limited to shareholders that are not exempt from dividend tax are subject to dividend tax at a rate of 20%. Although the group's presentation currency is the US dollar, dividends are declared and paid in SA rand, with the relevant exchange rate announced at the time of the dividend payment.

The board of directors has proposed that a dividend of 650 SA cents (2017: 580 SA cents) per N ordinary share and 130 SA cents (2017: 116 SA cents) per A ordinary share be paid to shareholders on 17 September 2018. If approved by the shareholders of the company at its annual general meeting, the company will pay a total dividend of approximately R2.9bn based on the number of shares in issue at 31 March 2018.

## 21. POST-EMPLOYMENT LIABILITIES

### 21.1 Medical liability

The group operates a number of post-employment medical benefit schemes. The obligation of the group to pay medical aid contributions after retirement is no longer part of the conditions of employment for new employees. A number of pensioners and current employees, however, remain entitled to this benefit. The entitlement to this benefit for current employees is dependent upon the employees remaining in service until retirement age and completing a minimum service period. The group determines its obligations for post-employment medical aid benefits by way of an annual valuation. The key assumptions and valuation method are described below.

#### **Key assumptions and valuation method**

The actuarial valuation method used to value the obligations is the projected unit credit method. Future benefits are projected using actuarial assumptions and the obligations for in-service members are accrued over the expected working lifetimes.

The significant actuarial assumptions used in the current and prior period valuations are outlined below:

	31 March	
	2018	2017
Discount rates	9.0%	9.8%
Healthcare cost inflation	8.1%	9.2%
Average retirement age	60	60
Membership discontinued at retirement	0%	0%

The group assumes that current in-service members would retire on their current medical scheme option and that there would be no change in medical scheme options at retirement.

Actuarial assumptions are generally more suited to the estimation of the future experience of larger groups of individuals. The overall experience of larger groups is less variable and is more likely to tend to the expected value of the underlying statistical distribution. The smaller the group size, the less likely it is that the actual future experience will be close to that which is expected. Furthermore, assumptions that are appropriate for the group overall, may not be appropriate at an individual entity level.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 21. POST-EMPLOYMENT LIABILITIES (continued)

### 21.1 Medical liability (continued)

Post-employment medical liability

	31 March	
	2018 US\$'m	2017 US\$'m
<b>Opening balance</b>	<b>15</b>	13
Current service cost	1	-
Interest cost	-	1
Past service cost <sup>(1)</sup>	12	-
Employer benefit payments	(1)	(1)
Remeasurements	5	-
Foreign currency translation effects	2	2
<b>Total post-employment medical liability</b>	<b>34</b>	15
<b>Current portion of post-employment medical liability</b>	<b>4</b>	1
<b>Non-current portion of post-employment medical liability</b>	<b>30</b>	14

<sup>(1)</sup> The current year increase in past service cost relates to Media24 members that transferred to a different medical aid fund during the year and with respect to whom the group has provided an additional top-up subsidy.

As the value of the liability is based on a number of assumptions, a sensitivity analysis is presented below to show the effect of a one-percentage point decrease or increase in the rate of healthcare cost inflation:

Healthcare cost inflation	Assumption		
	8.1%	-1%	+1%
Accrued liability 31 March 2018 (US\$'m)	34	31	37
% change		-9.6%	11.3%
Current service cost plus interest cost 2018 and 2019 (US\$'m)	3	2	3
% change		-10.2%	12.1%

### 21.2 Pension and provident benefits

The group provides retirement benefits for its full-time employees by way of various separate defined contribution pension and provident funds. All full-time employees have access to these funds. Contributions to these funds are paid on a fixed scale. Substantially all the group's full-time employees are members of either one of the group's retirement benefit plans or a third-party plan. Certain of these funds are related parties to the group and as at 31 March 2018 and 2017 there were no outstanding amounts between the group and these funds. The group has no legal or constructive obligations to pay further contributions if the funds do not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

An amount of US\$33.4m (2017: US\$39.1m) was recognised as an expense during the period in relation to the group's defined contribution funds.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 22. LONG-TERM LIABILITIES

				31 March	
				2018 US\$'m	2017 US\$'m
<b>Interest-bearing: Capitalised finance leases</b>				<b>1 086</b>	<b>1 142</b>
Total liabilities				<b>1 158</b>	<b>1 206</b>
Less: Current portion				<b>( 72)</b>	<b>( 64)</b>
<b>Interest-bearing: Loans and other liabilities</b>				<b>3 202</b>	<b>2 198</b>
Total liabilities				<b>3 216</b>	<b>2 898</b>
Less: Current portion				<b>( 14)</b>	<b>( 700)</b>
<b>Non-interest-bearing: Programme and film rights</b>				<b>-</b>	<b>-</b>
Total liabilities				<b>143</b>	<b>125</b>
Less: Current portion				<b>( 143)</b>	<b>( 125)</b>
<b>Non-interest-bearing: Loans and other liabilities</b>				<b>13</b>	<b>2</b>
Total liabilities				<b>64</b>	<b>28</b>
Less: Current portion				<b>( 51)</b>	<b>( 26)</b>
<b>Net long-term liabilities</b>				<b>4 301</b>	<b>3 342</b>
<b>Interest-bearing: Capitalised finance leases</b>					
Type of lease	Currency of year-end balance	Year of final repayment	Weighted average year-end interest rate	31 March	
				2018 US\$'m	2017 US\$'m
Buildings, manufacturing equipment and vehicles, computers and office equipment	Various	Various	Various	<b>9</b>	<b>1</b>
				<b>9</b>	<b>1</b>
Transmission equipment and satellites	US\$	2018	3.0% - 3.5%	<b>-</b>	<b>2</b>
	US\$	2019	3.5% - 4.1%	<b>29</b>	<b>1</b>
	US\$	2020	3.2%	<b>13</b>	<b>20</b>
	US\$	2025	3.2% - 6.0%	<b>193</b>	<b>212</b>
	US\$	2027	4.0% - 6.0%	<b>261</b>	<b>310</b>
	US\$	2031	5.0%	<b>234</b>	<b>244</b>
	US\$	2032	3.5% - 5.0%	<b>419</b>	<b>416</b>
				<b>1 149</b>	<b>1 205</b>
<b>Total capitalised finance leases</b>				<b>1 158</b>	<b>1 206</b>



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 22. LONG-TERM LIABILITIES (continued)

Interest-bearing: Capitalised finance leases (continued)

*Maturity profile*

	31 March	
	2018 US\$'m	2017 US\$'m
<b>Minimum instalments</b>		
Payable within year one	115	109
Payable within year two	133	110
Payable within year three	139	128
Payable within year four	138	137
Payable within year five	138	137
Payable after year five	787	926
	1 450	1 547
Future finance costs on finance leases	( 292)	( 341)
<b>Present value of finance lease liabilities</b>	<b>1 158</b>	<b>1 206</b>
<b>Present value</b>		
Payable within year one	72	64
Payable within year two	85	65
Payable within year three	99	79
Payable within year four	103	97
Payable within year five	107	101
Payable after year five	692	800
<b>Present value of finance lease liabilities</b>	<b>1 158</b>	<b>1 206</b>



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 22. LONG-TERM LIABILITIES (continued)

### Interest-bearing: Loans and other liabilities

	Asset secured	Currency of year-end balance	Year of final repay- ment	Weighted average year-end interest rate	31 March 2018 US\$'m	2017 US\$'m
Unsecured						
Publicly traded bond		US\$	2017	6.40%	-	700
Publicly traded bond		US\$	2020	6.00%	1 000	1 000
Publicly traded bond		US\$	2025	5.50%	1 200	1 200
Publicly traded bond		US\$	2027	4.85%	1 000	-
Various institutions		Various	Various	Various	11	9
Secured						
				1-month EURIBOR +		
Exim Bank S.A.	Various	EUR	2018	1.6%	6	-
Investec Bank Limited	Various	ZAR	2022	10.87%	14	-
Total facilities					3 231	2 909
Unamortised loan costs					( 15)	( 11)
					3 216	2 898

### Non-interest-bearing: Programme and film rights

	Currency of year-end balance	Year of final repay- ment	31 March 2018 US\$'m	2017 US\$'m
<b>Liabilities</b>				
<b>Unsecured</b>				
Programme and film rights liabilities	Various	2018	-	113
Programme and film rights liabilities	Various	2019	128	12
Programme and film rights liabilities	Various	2020	15	-
			143	125





# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 22. LONG-TERM LIABILITIES (continued)

### Non-interest-bearing: Loans and other liabilities

		Currency of year-end balance	Year of final repay- ment	31 March 2018 US\$'m	2017 US\$'m
Loans					
Secured					
Fortress Projectontwikkeling B.V.	Various	US\$	2020-2029	2	1
Unsecured					
Earn-out obligations		Various	Condi- tional	58	26
Other		Various	Various	4	1
				64	28
Total long-term liabilities					
Repayment terms of long-term liabilities (excluding capitalised finance leases)					
Payable within year one				159	840
Payable within year two				64	13
Payable within year three				1 005	-
Payable within year four				3	1 009
Payable within year five				7	-
Payable after year five				2 200	1 200
				3 438	3 062
Unamortised loan costs				( 15)	( 11)
				3 423	3 051
Interest rate profile of long-term liabilities (long- and short-term portion, including capitalised finance leases)					
Loans at fixed rates: 1 to 12 months				79	765
Loans at fixed rates: more than 12 months				4 289	3 339
Interest-free loans				207	150
Loans linked to variable rates				6	3
				4 581	4 257

The interest rate profiles disclosed above take into account interest rate swaps used to manage the interest rate profile of certain of the group's variable rate financial liabilities.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 22. LONG-TERM LIABILITIES (continued)

### Reconciliation of liabilities arising from financing activities

	Lease liabilities	Interest bearing liabilities	Non-interest bearing liabilities
	31 March		
	2018 US\$'m	2018 US\$'m	2018 US\$'m
<b>Balance at 1 April 2017</b>	<b>1 206</b>	<b>2 898</b>	<b>28</b>
Additional liabilities recognised	5	1 124	48
Repayments	( 103)	( 827)	( 8)
Interest accrued	50	1	-
Acquisition of subsidiary	-	14	-
Amortisation of transaction costs	-	3	-
Capitalisation of transaction costs	-	( 7)	-
Foreign exchange translation	-	4	( 4)
Other	-	6	-
<b>Balance at 31 March 2018</b>	<b>1 158</b>	<b>3 216</b>	<b>64</b>
Less: Current portion	( 72)	( 14)	( 51)
<b>Non-current liabilities</b>	<b>1 086</b>	<b>3 202</b>	<b>13</b>



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 23. OTHER NON-CURRENT LIABILITIES

	31 March	
	2018	2017
	US\$'m	Restated US\$'m
Written put option liabilities <sup>(1)</sup>	2 394	2 218
<b>Total other liabilities</b>	<b>2 394</b>	<b>2 218</b>
Less: Current portion of other liabilities included in accrued expenses and other current liabilities (refer to note 25)	(1 527)	( 510)
<b>Non-current portion of other liabilities</b>	<b>867</b>	<b>1 708</b>

<sup>(1)</sup> Relates to put options written over the non-controlling interests in Avito AB, Dubizzle Limited (BVI), the group's letgo classifieds business, Dante International S.A. (eMAG), Movile Internet Movel S.A. and various other smaller ecommerce units.

During the year, the group recognised an aggregate expense on the remeasurement of written put option liabilities of US\$252.1m (2017: US\$621.7m) as part of "Other finance (costs)/income - net" in the income statement (refer to note 30).

The maturity profile of the group's written put option liabilities is detailed in the table below and reflects the first date on which the respective written put options can be contractually exercised:

	31 March	
	2018	2017
	US\$'m	US\$'m
Exercisable within one year	1 527	510
Exercisable within one to two years	-	906
Exercisable after two to five years	867	793
Exercisable after more than five years	-	9
<b>Total other liabilities</b>	<b>2 394</b>	<b>2 218</b>

The group has the contractual discretion to settle all written put option obligations either in cash or in Naspers N ordinary shares.

The majority of the group's written put option liabilities are exercisable when non-controlling shareholders request an initial public offering (IPO) of the relevant group subsidiary and the IPO is either declined by the group or is ultimately unsuccessful.

### Sensitivity analysis

The measurement of written put option liabilities is based on discounted cash flow analyses as well as prices observed in orderly transactions. At 31 March 2018, 56% of the total balance of written put option liabilities have been measured using discounted cash flow analyses. Accordingly, the measurement of written put option liabilities is subject to significant estimation uncertainty. The following analysis illustrates the sensitivity of written put option liabilities to reasonably possible changes in the most significant underlying variables used in their measurement:

	31 March
	2018
	US\$'m
<b>Increase/(decrease) in written put option liabilities and loss/(gain) in the income statement</b>	
1% increase in the discount rate and a 1% decrease in the terminal growth rate	( 219)
1% decrease in the discount rate and a 1% increase the terminal growth rate	247



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 23. OTHER NON-CURRENT LIABILITIES (continued)

### Sensitivity analysis (continued)

Other assumptions contained in the discounted cash flow analyses used by the group when valuing written put option liabilities vary widely between obligations due to the group's diverse range of business models and are closely linked to entity-specific key performance indicators.

Movements during the year on the group's written put option liabilities are detailed below. Cash flows arising from the settlement of written put option liabilities are presented as part of financing activities in the statement of cash flows.

	<b>31 March</b>	
	<b>2018</b>	2017
	<b>US\$'m</b>	Restated US\$'m
Opening balance	<b>2 218</b>	1 505
Additional obligations raised	-	143
Remeasurements recognised in the income statement	<b>252</b>	622
Settlements	<b>( 62)</b>	( 49)
Expirations and cancellations	-	( 27)
Foreign currency translation effects	<b>( 14)</b>	24
<b>Closing balance</b>	<b>2 394</b>	2 218



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 24. PROVISIONS

	31 March	
	2018	2017
	US\$'m	US\$'m
Warranties	2	3
Pending litigation	8	18
Reorganisation	20	7
Onerous contracts	-	7
Ad valorem duties	2	2
Long-service and retirement gratuity	11	6
Other	17	12
<b>Total provisions</b>	<b>60</b>	<b>55</b>
Less: Non-current portion of provisions	(9)	(7)
<b>Current portion of provisions</b>	<b>51</b>	<b>48</b>

Provisions relate to a variety of obligations for the group as follows:

The group recognises the estimated costs associated with its expected exposure on all products still under warranty as a provision at the statement of financial position date. Included in warranties is Irdeto's 12-month warranty relating to the replacement of non-functioning smartcards.

The group is currently involved in various litigation matters. The litigation provision has been estimated based on legal counsel and management's estimates of costs and possible claims relating to these.

The provision for ad valorem duties relates to an investigation by tax authorities into the value ascribed to digital satellite decoders purchased for onward sale to major retailers. The provision was raised for the payment of these duties.

The provision for long service and retirement gratuity relates to the estimated cost of these employee benefits.

The provision for reorganisation relates to the relocation costs of certain of our operations as well as the implementation of the value strategy within the video-entertainment segment.

Included in other provisions are estimated amounts related to other regulatory matters.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 25. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	31 March	
	2018	2017
	US\$'m	Restated US\$'m
Deferred income	267	232
Accrued expenses	445	424
Amounts owing in respect of investments acquired	16	3
Taxes and other statutory liabilities	242	263
Bonus accrual	105	75
Accrual for leave	37	29
Other personnel accruals	35	24
Payments received in advance	42	28
Cash-settled share-based payment liability (refer to note 43)	40	-
Payables from reverse factoring arrangements	35	15
Merchant payable	232	130
Written put option liabilities (refer to note 23)	1 527	510
Other current liabilities	39	35
	<b>3 062</b>	<b>1 768</b>

## 26. COMMITMENTS AND CONTINGENCIES

The group is subject to commitments and contingencies, which occur in the normal course of business, including legal proceedings and claims that cover a wide range of matters. The group plans to fund these commitments and contingencies out of existing facilities and internally generated funds.

### (a) Capital expenditure

Commitments in respect of contracts placed for capital expenditure at 31 March 2018 amount to US\$16.5m (2017: US\$12.6m).

### (b) Programme and film rights

At 31 March 2018 the group had entered into contracts for the purchase of programme and film rights. The group's commitments in respect of these contracts amount to US\$2.91bn (2017: US\$2.02bn).

### (c) Set-top boxes

At 31 March 2018 the group had entered into contracts for the purchase of set-top boxes (decoders). The group's commitments in respect of these contracts amount to US\$182.8m (2017: US\$114.5m).

### (d) Other commitments

At 31 March 2018 the group had entered into contracts for the receipt of various services. These service contracts are for the receipt of advertising, satellite capacity, computer and decoder support services, access to networks and contractual relationships with customers, suppliers and employees. The group's commitments in respect of these agreements amount to US\$104.1m (2017: US\$158.1m).



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 26. COMMITMENTS AND CONTINGENCIES (continued)

### (e) Operating lease commitments

The group has the following operating lease commitments at 31 March 2018:

	31 March	
	2018 US\$'m	2017 US\$'m
Minimum operating lease payments:		
Payable in year one	67	49
Payable in year two	52	37
Payable in year three	42	25
Payable in year four	40	13
Payable in year five	35	10
Payable after five years	91	29
	327	163

The group leases office, manufacturing and warehouse space under various non-cancellable operating leases. Certain contracts contain renewal options and escalation clauses for various periods of time. Included in operating lease commitments is an amount of US\$nil (2017: US\$6.2m) relating to disposal groups classified as held for sale (refer to note 16).

### (f) Litigation claims

#### **Taxation matters**

The group operates a number of businesses in jurisdictions where taxes are payable on certain transactions or payments. The group continues to seek relevant advice and works with its advisers to identify and quantify such tax exposures. Our current assessment of possible withholding and other tax exposures, including interest and potential penalties, amounts to approximately US\$226.1m (2017: US\$256.7m). No provision has been made as at 31 March 2018 and 2017 for these possible exposures.

### (g) Assets pledged as security

The group pledged property, plant and equipment, investments, cash and cash equivalents, accounts receivable and inventory as security against its finance leases (mainly capitalised transponder leases) and other secured liabilities with an outstanding balance of US\$1.18bn (2017: US\$1.21bn). Refer to note 22.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 27. REVENUE

	31 March	
	2018	2017
	US\$'m	US\$'m
Subscription revenue	2 996	2 788
Ecommerce revenue	2 529	2 167
Advertising revenue	388	368
Technology revenue	128	119
Printing revenue	125	206
Hardware sales	168	152
Circulation revenue	76	78
Book publishing and book sales revenue	41	37
Distribution revenue	21	19
Decoder maintenance	27	23
Sub-licence revenue	38	36
Reconnection fees	33	23
Contract publishing	7	8
Other revenue	83	74
	6 660	6 098
Other revenues include revenues from backhaul charges, financing service fees, online deed searches and instant messaging.		
<b>Barter revenue</b>		
Amount of barter revenue included in total revenue	7	9





# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 28. EXPENSES BY NATURE

	31 March	
	2018 US\$'m	2017 US\$'m
Operating profit includes the following items:		
<b>Depreciation classification</b>		
Cost of providing services and sale of goods	155	149
Selling, general and administration expenses	64	65
	219	214
<b>Amortisation classification</b>		
Cost of providing services and sale of goods	5	6
Selling, general and administration expenses	128	122
	133	128
<b>Operating leases</b>		
Minimum lease payments	33	32
	33	32
<b>Auditor's remuneration</b>		
Audit fees	9	10
Tax fees	1	3
All other fees	2	1
	12	14
<b>Foreign exchange gains/(losses)</b>		
On revaluation of forward exchange contracts in hedging transactions	55	3
On revaluation of contractual currency devaluation features and related receivables	( 5)	( 11)
	50	( 8)
<b>Staff costs</b>		
As at 31 March 2018, the group had 24 887 (2017: 24 482) permanent employees. The total cost of employment of all employees, including executive directors, was as follows:		
Salaries, wages and bonuses	1 192	1 067
Retirement benefit costs	33	39
Medical aid fund contributions	26	27
Post-employment benefits	14	2
Training costs	17	18
Retention option expense	8	1
Share-based compensation expenses	123	113
<b>Total staff costs</b>	1 413	1 267
<b>Share-based compensation expenses related to shareholder transactions</b>	19	-
<b>Advertising expenses</b>	478	676
<b>Costs related to programme and film rights, including amortisation</b>	912	859
<b>Cost of inventories sold</b>	1 645	1 418



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 29. OTHER (LOSSES)/GAINS - NET

	31 March	
	2018 US\$'m	2017 US\$'m
Gain/(loss) on sale of assets	2	( 1)
Fair-value adjustments on financial instruments	( 6)	1
<b>Impairment losses</b>	<b>( 43)</b>	<b>( 58)</b>
impairment of goodwill and other intangible assets	( 4)	( 30)
impairment of property, plant and equipment and other assets	( 39)	( 26)
remeasurement of disposal groups classified as held for sale to fair value less costs of disposal	-	( 2)
Dividends received on investments	2	1
Other	( 2)	-
<b>Total other (losses)/gains - net</b>	<b>( 47)</b>	<b>( 57)</b>

Refer to notes 4, 5 and 6 for further information on the above impairments.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 30. FINANCE COSTS/(INCOME)

	31 March	
	2018	2017
	US\$'m	Restated US\$'m
<b>Interest paid</b>		
Loans and overdrafts	196	198
Transponder leases	51	46
Other	20	34
	267	278
<b>Interest received</b>		
Loans and bank accounts	( 74)	( 56)
Other	( 14)	( 14)
	( 88)	( 70)
<b>Net loss from foreign exchange translation and fair-value adjustments on derivative financial instruments</b>		
On translation of assets and liabilities	12	243
On translation of transponder leases	( 98)	( 42)
On translation of forward exchange contracts and cross-currency interest rate swaps	153	76
	67	277
<b>Remeasurement of written put option liabilities</b>	252	622
<b>Other finance cost - net</b>	319	899
<b>Other finance costs/(income) - net</b>	498	1 107
<b>31. GAINS ON ACQUISITIONS AND DISPOSALS</b>		
Profit on sale of investments	( 91)	1 990
Gains recognised on loss of control transactions	-	228
Remeasurement of contingent consideration	( 5)	1
Acquisition-related costs	( 18)	( 50)
Remeasurement of previously held interest	21	-
	( 93)	2 169



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 32. TAXATION

	31 March	
	2018 US\$'m	2017 US\$'m
<b>Normal taxation</b>		
South Africa	257	187
current year	254	189
prior year	3	( 2)
Foreign taxation	107	75
current year	98	108
prior year	9	( 33)
Income taxation for the year	364	262
<b>Deferred taxation</b>	( 4)	( 18)
current year	( 2)	( 15)
prior year	( 2)	( 3)
<b>Total taxation per income statement</b>	<b>360</b>	<b>244</b>
<b>Reconciliation of taxation</b>		
Taxation at statutory rates <sup>(1)</sup>	3 266	691
Adjusted for:		
non-deductible expenses <sup>(2)</sup>	182	214
non-taxable income <sup>(2)</sup>	(2 634)	( 332)
temporary differences not provided for <sup>(3)</sup>	374	206
assessed losses unprovided	10	6
initial recognition of prior year taxes	-	( 42)
other taxes	33	51
change in taxation rates	( 10)	-
tax attributable to equity-accounted earnings	( 917)	( 512)
tax adjustment for foreign taxation rates	56	( 38)
<b>Taxation provided in income statement</b>	<b>360</b>	<b>244</b>

<sup>(1)</sup> The reconciliation of taxation has been performed using the statutory tax rate of Naspers Limited of 28% (2017: 28%). The impact of different tax rates applied to profits earned in other jurisdictions is disclosed above as "Tax adjustment for foreign taxation rates".

<sup>(2)</sup> Non-deductible expenses relate primarily to impairment losses and dilutions of equity-accounted investments. Non-taxable income relates primarily to the gains on disposals of subsidiaries and gains on partial disposal of associates.

<sup>(3)</sup> Temporary differences not provided for relate primarily to foreign currency translation reserves reclassified to the income statement.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 33. EARNINGS PER SHARE

	31 March							
	2018				2017			
	Gross US\$'m	Taxation US\$'m	Non- control- ling interests US\$'m	Net US\$'m	Gross Restated US\$'m	Taxation Restated US\$'m	Non- control- ling interests Restated US\$'m	Net Restated US\$'m
<b>Earnings</b>								
Basic earnings attributable to shareholders				11 357				2 337
Impact of dilutive instruments of subsidiaries, associates and joint ventures				( 49)				( 24)
Diluted earnings attributable to shareholders				11 308				2 313
<b>Headline adjustments</b>								
Adjustments for:	(9 578)	18	( 3)	(9 563)	(2 145)	( 17)	13	(2 149)
Impairment of property, plant and equipment and other assets	39	( 3)	( 2)	34	26	( 3)	( 4)	19
Impairment of goodwill and other intangible assets	4	-	( 1)	3	28	( 5)	( 1)	22
(Gain)/loss on sale of assets	( 2)	1	-	( 1)	1	-	-	1
Loss on remeasurement of disposal groups classified as held for sale to fair value less costs of disposal	-	-	-	-	2	-	-	2
Losses/(gains) on acquisitions and disposals of investments	96	5	( 1)	100	(2 219)	( 1)	18	(2 202)
Remeasurement of previously held interest	( 21)	-	-	( 21)	-	-	-	-
Dilution gains on equity-accounted investments	(9 216)	17	-	(9 199)	119	-	-	119
Remeasurements included in equity-accounted earnings <sup>(1)</sup>	( 524)	( 2)	1	( 525)	( 102)	( 8)	-	( 110)
Impairment of equity-accounted investments	46	-	-	46	-	-	-	-
<b>Basic headline earnings</b>				1 794				188
<b>Diluted headline earnings</b>				1 745				164

<sup>(1)</sup> Remeasurements included in equity-accounted earnings include US\$692m (2017: US\$381m) relating to gains arising on acquisitions and disposals by associates and US\$159m (2017: US\$268m) relating to impairments of assets recognised by associates.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 33. EARNINGS PER SHARE (continued)

	2018 Number of N shares	2017 Number of N shares
Number of N ordinary shares in issue at year-end (excluding treasury shares)	432 125 857	431 539 716
Adjusted for movement in shares held by share trusts	(490 491)	( 332 899)
Weighted average number of N ordinary shares in issue during the year	431 635 366	431 206 817
Adjusted for effect of future share-based payment transactions	1 368 076	1 477 352
Diluted weighted average number of N ordinary shares in issue during the year	433 003 442	432 684 169
Earnings per N ordinary share (US cents) <sup>(1)</sup>		
Basic	2 631	542
Diluted	2 612	535
Headline earnings per N ordinary share (US cents) <sup>(1)</sup>		
Basic	416	44
Diluted	403	38
Dividend paid per A ordinary share (SA cents)		
- South African	116	104
Dividend paid per N ordinary share (SA cents)		
- South African	580	520
Proposed dividend per A ordinary share (SA cents)		
- South African	130	116
Proposed dividend per N ordinary share (SA cents)		
- South African	650	580

<sup>(1)</sup> The prior year comparative amounts have been restated. Refer to note 2 for details of the restatement.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 34. CASH FROM OPERATIONS

	31 March	
	2018 US\$'m	2017 Restated US\$'m
Profit before tax per income statement	11 658	2 412
Adjustments:		
Non-cash and other	(11 237)	(2 259)
Loss on sale of assets	( 2)	1
Depreciation and amortisation	352	342
Retention option expense	8	1
Share-based compensation expenses	142	113
Net finance cost	498	1 107
Share of equity-accounted results	(3 277)	(1 829)
Impairment of equity-accounted investments	46	-
Gains on acquisitions and disposals	93	(2 219)
Dilution (gains)/losses on equity-accounted investments	(9 216)	119
Remeasurement of disposal groups classified as held for sale to fair value less costs of disposal	-	2
Net realisable value adjustments on inventory, net of reversals	43	49
Adjustments related to hedge accounting	31	3
Impairment losses	43	56
Other	2	( 4)
Working capital	( 280)	141
Cash movement in trade and other receivables	( 204)	( 38)
Cash movement in payables and accruals	17	188
Cash movement in programme and film rights	( 25)	( 11)
Cash movement in inventories	( 68)	2
<b>Cash from operations</b>	<b>141</b>	<b>294</b>



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 35. ACQUISITIONS OF SUBSIDIARIES AND BUSINESSES

	31 March	
	2018 US\$'m	2017 US\$'m
Carrying values of assets and liabilities:		
property, plant and equipment	13	1
other intangible assets	142	16
net current assets	115	2
deferred taxation	( 40)	( 5)
long-term liabilities	( 14)	( 1)
contingent liability	( 4)	-
	212	13
Non-controlling interests	( 83)	( 1)
Derecognition of equity-accounted investments	( 102)	-
Remeasurement of previously held interest	( 21)	-
Goodwill	124	244
<b>Purchase consideration</b>	<b>130</b>	<b>256</b>
Settled through the issuance of equity instruments of the group	-	( 126)
Employment-linked prepayment	-	18
Amount to be settled in future	( 1)	( 3)
Net cash in subsidiaries and businesses acquired	( 113)	( 5)
<b>Net cash outflow from acquisitions of subsidiaries and businesses</b>	<b>16</b>	<b>140</b>





# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 36. DISPOSALS OF SUBSIDIARIES AND BUSINESSES

	31 March	
	2018 US\$'m	2017 US\$'m
Carrying values of assets and liabilities:		
property, plant and equipment	-	19
disposal groups classified as held for sale	225	-
goodwill	-	786
other intangible assets	-	84
net assets	10	17
deferred taxation	-	(13)
long-term liabilities	-	41
foreign currency translation reserve realised	110	224
	345	1 158
Consideration transferred <sup>(1)</sup>	-	112
Distribution to owners <sup>(2)</sup>	(69)	-
Non-controlling interests	(94)	(17)
Existing control business combination reserve	-	(30)
Fair value of available-for-sale investment retained following distribution to owners <sup>(2)</sup>	(29)	-
Gain on disposal	(143)	2 230
<b>Selling price</b>	<b>10</b>	<b>3 453</b>
Net cash in subsidiaries and businesses disposed of	30	(177)
Shares received as settlement	-	(468)
Loan settled	-	575
<b>Net cash inflow from disposals of subsidiaries and businesses</b>	<b>40</b>	<b>3 383</b>

<sup>(1)</sup> Relates to consideration transferred in the contribution of the group's online travel businesses to MakeMyTrip Limited during the prior year.

<sup>(2)</sup> Relates to the distribution of the majority of the group's interest in Novus Holdings Limited during September 2017 - refer to note 3 for further details.

## 37. ACQUISITION OF AND ADDITIONAL INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Included in acquisition of and additional investments in associates of US\$1 923.5m (2017: US\$232.4m) are the following: Delivery Hero US\$1 343.0m, MakeMyTrip US\$155.0m, Swiggy US\$121.0m, Remitly US\$100.0m, Kreditech US\$99.0m, FlipKart US\$71.0m, Joymode US\$11.2m, Brainly US\$9.3m and other acquisitions of US\$14.5m (2017: Brainly US\$13.0m, Codecademy US\$22.0m, Udemy US\$70.0m, MakeMyTrip US\$91.6m and other acquisitions of US\$35.8m). These investments were classified as investments in associates.

Included in acquisition of and additional investments in joint ventures of US\$17.4m (2017: US\$25.1m) is WeChat US\$6.5m, Sympla US\$4.6m, El Cochinerro US\$4.3m and Silver Brazil JVCo US\$2.0m (2017: Silver Brazil JVCo US\$11.6m and other acquisitions of US\$13.5m). These investments were classified as investments in joint ventures.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 38. CASH AND CASH EQUIVALENTS

	31 March	
	2018 US\$m	2017 US\$m
Cash at bank and on hand	982	1 081
Short-term bank deposits	10 387	2 926
Bank overdrafts and call loans	( 1)	( 4)
	<b>11 368</b>	<b>4 003</b>
<b>Restricted cash</b>		
The following cash balances are restricted from immediate use according to agreements with banks and other financial institutions:		
Africa	26	25
Europe	82	62
Other	37	19
<b>Total restricted cash</b>	<b>145</b>	<b>106</b>

Restricted cash is still included in cash and cash equivalents due to the fact that it mostly relates to cash held on behalf of customers.

Included in cash and cash equivalents is an amount of US\$5.8m (2017: US\$179.0m) relating to cash balances held by subsidiaries where in-country foreign exchange illiquidity restricts the ability of subsidiaries to remit cash to intermediate holding companies in US dollar.



## Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

### 39. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the group that are regularly reviewed by the chief operating decisionmaker (CODM) in order to allocate resources to the segments and to assess their performance. The CODM has been identified as the group's executive directors who make strategic decisions.

The group proportionately consolidates its share of the results of its associated companies and joint ventures in its reportable segments. This is considered to be more reflective of the economic value of these investments and corresponds to the manner in which the CODM assesses segmental performance.

The group has identified its operating segments based on its business by service or product as follows: video entertainment, internet and media. Below are the types of services and products from which each segment generates revenue:

*Internet* – the group operates internet platforms to provide various services and products. These platforms and communities offer ecommerce, communication, social networks, entertainment and mobile value-added services. Our internet segment comprises the following reportable segments: social and internet platforms (comprising Tencent and Mail.ru) and the group's ecommerce platforms.

*Video entertainment* – the group offers digital satellite and digital terrestrial television services to subscribers as well as mobile and internet services through MultiChoice South Africa in South Africa and through MultiChoice Africa in the rest of sub-Saharan Africa. Through Irdeto, the group provides digital content management and protection systems to customers globally to protect, manage and monetise digital media on any platform. Through Showmax, the group provides subscription video-on-demand services.

*Media* – through Media24 in Africa, the group publishes newspapers, magazines and books. Its activities also include printing and distribution.

Sales between the above segments are eliminated in the "Eliminations" column. The revenue from external parties and all other items of income, expenses, profits and losses reported in the segment report is measured in a manner consistent with that in the income statement. EBITDA, as presented in the segmental report, refers to earnings before interest, tax, depreciation and amortisation.

The revenues from external customers for each major group of products and services are disclosed in note 27. The group is not reliant on any one major customer as the group's products are consumed by the general public in a large number of countries.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 39. SEGMENT INFORMATION (continued)

		Revenue Year ended 31 March					
		2018			2017		
		US\$'m	US\$'m	US\$'m	US\$'m	US\$'m	US\$'m
		External	Inter-segmental	Total	External	Inter-segmental	Total
Internet		15 927	1	15 928	10 600	21	10 621
Social and internet platforms		12 281	-	12 281	7 692	-	7 692
- Tencent		12 024	-	12 024	7 506	-	7 506
- Mail.ru		257	-	257	186	-	186
Ecommerce		3 646	1	3 647	2 908	21	2 929
- Etail		2 059	1	2 060	1 657	2	1 659
- Travel		276	-	276	120	3	123
- Marketplaces		-	-	-	319	8	327
- Payments		294	-	294	186	-	186
- Classifieds		628	-	628	418	8	426
- Food delivery		166	-	166	53	-	53
- Other		223	-	223	155	-	155
Video entertainment		3 678	2	3 680	3 389	12	3 401
Media <sup>(1)</sup>		492	15	507	573	15	588
Corporate		-	3	3	-	2	2
Total reportable segments		20 097	21	20 118	14 562	50	14 612
Less: Equity-accounted investments		(13 437)	-	(13 437)	(8 464)	-	(8 464)
Eliminations		-	( 21)	( 21)	-	( 50)	( 50)
<b>Consolidated</b>		<b>6 660</b>	<b>-</b>	<b>6 660</b>	<b>6 098</b>	<b>-</b>	<b>6 098</b>

<sup>(1)</sup> Includes revenue of US\$133.0m (2017: US\$222.4m) relating to Novus Holdings Limited (Novus). The group distributed the majority of its shareholding in Novus to its shareholders in September 2017 (refer to note 3).



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 39. SEGMENT INFORMATION (continued)

	Year ended 31 March 2018							
	US\$'m	US\$'m	US\$'m	US\$'m	US\$'m	US\$'m	US\$'m	US\$'m
	Total revenue	COPS*	SGA**	EBITDA	Depreciation	Amortisation of software	Interest on capitalised transponder leases	Trading profit/(loss)
Internet	15 928	(8 404)	(4 142)	3 382	( 302)	( 27)	-	3 053
Social and internet platforms	12 281	(5 967)	(2 317)	3 997	( 255)	( 16)	-	3 726
- Tencent	12 024	(5 867)	(2 232)	3 925	( 245)	( 5)	-	3 675
- Mail.ru	257	( 100)	( 85)	72	( 10)	( 11)	-	51
Ecommerce	3 647	(2 437)	(1 825)	( 615)	( 47)	( 11)	-	( 673)
- Etail	2 060	(1 888)	( 420)	( 248)	( 19)	( 3)	-	( 270)
- Travel	276	( 99)	( 236)	( 59)	( 2)	-	-	( 61)
- Marketplaces	-	-	-	-	-	-	-	-
- Payments	294	( 164)	( 190)	( 60)	( 3)	( 1)	-	( 64)
- Classifieds	628	( 74)	( 653)	( 99)	( 13)	( 2)	-	( 114)
- Food delivery	166	( 103)	( 83)	( 20)	( 6)	( 4)	-	( 30)
- Other	223	( 109)	( 243)	( 129)	( 4)	( 1)	-	( 134)
Video entertainment	3 680	(1 997)	(1 056)	627	( 190)	( 17)	( 51)	369
Media <sup>(1)</sup>	507	( 354)	( 143)	10	( 5)	( 2)	-	3
Corporate	3	1	( 26)	( 22)	-	-	-	( 22)
Total reportable segments	20 118	(10 754)	(5 367)	3 997	( 497)	( 46)	( 51)	3 403
Less: Equity-accounted investments	(13 437)	6 872	2 826	(3 739)	278	17	-	(3 444)
Eliminations	( 21)	16	5	-	-	-	-	-
<b>Consolidated</b>	<b>6 660</b>	<b>(3 866)</b>	<b>(2 536)</b>	<b>258</b>	<b>( 219)</b>	<b>( 29)</b>	<b>( 51)</b>	<b>( 41)</b>

<sup>(1)</sup> Includes EBITDA of US\$33.3m (2017: US\$55.1m) and trading profit of US\$33.3m (2017: US\$40.3m) relating to Novus Holdings Limited (Novus). The group distributed the majority of its shareholding in Novus to its shareholders in September 2017 (refer to note 3).

\* Refers to cost of providing services and sale of goods

\*\* Refers to selling, general and administration expenses



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 39. SEGMENT INFORMATION (continued)

	Year ended 31 March 2017							
	US\$'m	US\$'m	US\$'m	US\$'m	US\$'m	US\$'m	US\$'m	US\$'m
	Total revenue	COPS*	SGA**	EBITDA	Deprecia- tion	Amortisation of software	Interest on capitalised transponder leases	Trading profit/(loss) <sup>(1)</sup>
Internet	10 621	(4 732)	(3 607)	2 282	( 231)	( 21)	-	2 030
<i>Social and internet platforms</i>	7 692	(2 809)	(1 919)	2 964	( 191)	( 12)	-	2 761
- Tencent	7 506	(2 744)	(1 874)	2 888	( 183)	( 4)	-	2 701
- Mail.ru	186	( 65)	( 45)	76	( 8)	( 8)	-	60
<i>Ecommerce</i>	2 929	(1 923)	(1 688)	( 682)	( 40)	( 9)		( 731)
- Etail	1 659	(1 570)	( 347)	( 258)	( 20)	( 3)	-	( 281)
- Travel	123	( 64)	( 146)	( 87)	( 1)	-	-	( 88)
- Marketplaces	327	( 69)	( 112)	146	( 6)	( 3)	-	137
- Payments	186	( 105)	( 147)	( 66)	( 2)	( 1)	-	( 69)
- Classifieds	426	( 55)	( 690)	( 319)	( 8)	( 1)	-	( 328)
- Food delivery	53	( 20)	( 28)	5	-	-	-	5
- Other	155	( 40)	( 218)	( 103)	( 3)	( 1)	-	( 107)
Video entertainment	3 401	(1 859)	(1 022)	520	( 172)	( 15)	( 46)	287
Media	588	( 409)	( 139)	40	( 19)	( 2)	-	19
Corporate	2	( 1)	( 15)	( 14)	-	-	-	( 14)
Total reportable segments	14 612	(7 001)	(4 783)	2 828	( 422)	( 38)	( 46)	2 322
Less: Equity-accounted investments	(8 464)	3 566	2 142	(2 756)	208	12	-	(2 536)
Eliminations	( 50)	14	36	-	-	-	-	-
<b>Consolidated</b>	<b>6 098</b>	<b>(3 421)</b>	<b>(2 605)</b>	<b>72</b>	<b>( 214)</b>	<b>( 26)</b>	<b>( 46)</b>	<b>( 214)</b>

<sup>(1)</sup> Amortisation of other intangible assets for the year ended 31 March 2017 has been adjusted by US\$424m regarding Tencent's digital content business as the group no longer adjusts for these expenses when calculating trading profit.

\* Refers to cost of providing services and sale of goods

\*\* Refers to selling, general and administration expenses



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 39. SEGMENT INFORMATION

### Additional disclosure

	Year ended 31 March 2018			Year ended 31 March 2017				
	US\$'m	US\$'m	US\$'m	US\$'m	US\$'m	Restated US\$'m	US\$'m	US\$'m
	Impairment/ reversal of impairment of assets	Remeasurement of written put option liabilities	Share of equity- accounted results	Impairment/ reversal of impairment of assets	Remeasurement of disposal group classified as held for sale	Remeasurement of written put option liabilities	Impairment of goodwill	Share of equity- accounted results
Internet	( 176)	( 252)	3 285	( 259)	-	( 622)	( 5)	1 831
<i>Social and internet platforms</i>	( 141)	-	3 625	( 236)	-	-	-	2 047
- Tencent	( 141)	-	3 616	( 236)	-	-	-	2 037
- Mail.ru	-	-	9	-	-	-	-	10
<i>Ecommerce</i>	( 35)	( 252)	( 340)	( 23)	-	( 622)	( 5)	( 216)
- Etail	( 23)	( 23)	( 152)	( 23)	-	( 35)	( 3)	( 175)
- Travel	( 7)	-	( 103)	-	-	-	-	-
- Marketplaces	-	-	-	-	-	-	-	-
- Payments	-	( 6)	( 16)	-	-	( 4)	-	( 1)
- Classifieds	( 9)	( 228)	( 5)	-	-	( 483)	-	( 19)
- Food delivery	( 1)	-	( 36)	-	-	-	-	-
- Other	5	5	( 28)	-	-	( 100)	( 2)	( 21)
Video entertainment	( 18)	-	( 7)	( 20)	-	-	-	( 4)
Media	-	-	1	( 9)	( 2)	-	-	2
Total reportable segments	( 194)	( 252)	3 279	( 288)	( 2)	( 622)	( 5)	1 829
Less: Equity-accounted investments <sup>(1)</sup>	148	-	-	237	-	-	-	-
<b>Total</b>	<b>( 46)</b>	<b>( 252)</b>	<b>3 279</b>	<b>( 51)</b>	<b>( 2)</b>	<b>( 622)</b>	<b>( 5)</b>	<b>1 829</b>

<sup>(1)</sup> All associates' and joint ventures' results are accounted for using the equity method.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 39. SEGMENT INFORMATION (continued)

Trading profit as presented in the segment disclosure is the CODM and management's measure of each segment's operational performance. A reconciliation of the segmental trading profit to operating profit and profit before tax as reported in the income statement is provided below:

	31 March	
	2018 US\$'m	2017 Restated US\$'m
<b>Trading profit per segment report</b>	<b>( 41)</b>	<b>( 214)</b>
Adjusted for:		
Finance cost on transponder leases	51	46
Amortisation of other intangible assets	( 101)	( 99)
Other (losses)/gains - net	( 47)	( 57)
Retention option expense	( 8)	( 1)
Share-based incentives settled in treasury shares	( 52)	( 35)
<b>Operating loss per the income statement</b>	<b>( 198)</b>	<b>( 360)</b>
Interest received	88	70
Interest paid	( 267)	( 278)
Other finance (costs)/income - net	( 319)	( 899)
Share of equity-accounted results	3 277	1 829
Impairment of equity-accounted investments	( 46)	-
Dilution gains/(losses) on equity-accounted investments	9 216	( 119)
(Losses)/gains on acquisitions and disposals	( 93)	2 169
<b>Profit before taxation per the income statement</b>	<b>11 658</b>	<b>2 412</b>





# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 39. SEGMENT INFORMATION (continued)

### Geographical information

The group operates in five main geographical areas:

*Africa* - The group derives revenues from video-entertainment platform services, media activities, internet services and technology products and services. The group is domiciled in the Republic of South Africa which is consequently presented separately.

*Asia* - The group's activities comprise its interest in internet activities based in China, India, Thailand and Singapore.

*Europe* - The group's activities comprise its interest in internet activities based in Central and Eastern Europe and Russia. Furthermore, the group generates revenue from technology products and services provided by subsidiaries based in the Netherlands.

*Latin America* - The group's activities comprise its interest in internet activities based in Brazil and other Latin American countries.

*Other* - Includes the group's provision of various products through internet and technology activities located mainly in Australia and the United States of America.

	Africa		Latin America US\$m	Asia US\$m	Europe US\$m	Other US\$m	Total US\$m
	South Africa US\$m	Rest of Africa US\$m					
<b>March 2018</b>							
External consolidated revenue	3 235	1 004	372	171	1 776	102	6 660
External proportionately consolidated revenue <sup>(1)</sup>	3 288	1 008	410	13 160	2 103	128	20 097
<b>March 2017</b>							
External consolidated revenue	2 851	990	272	177	1 720	88	6 098
External proportionately consolidated revenue <sup>(1)</sup>	2 941	1 000	298	8 309	1 915	99	14 562

<sup>(1)</sup> Revenue includes the group's proportionate share of associates' and joint ventures' external revenue.

Revenue is allocated to a country based on the location of subscribers or users/customers.



## Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

### 40. FINANCIAL RISK MANAGEMENT

#### Financial risk factors

The group's activities expose it to a variety of financial risks such as market risk (including currency risk, fair-value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. These include the effects of changes in debt and equity markets, foreign currency exchange rates and interest rates. The group's overall risk management programme seeks to minimise the potential adverse effects of financial risks on its financial performance. The group uses derivative financial instruments, such as forward exchange contracts and interest rate swaps, to hedge certain risk exposures.

Risk management is carried out by management under policies approved by the board of directors and its risk management committee. Management identifies, evaluates and, where appropriate, hedges financial risks. The various boards of directors within the group provide written policies, in line with the overall group policies, covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, the use of derivative financial instruments and the investment of excess liquidity.

#### Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk. Although a substantial portion of the group's revenue is denominated in the currencies of the countries in which it operates, a significant portion of cash obligations, including satellite transponder leases and contracts for video-entertainment programming, are denominated in US dollar. Where the group's revenue is denominated in local currency, depreciation of the local currency against the US dollar adversely affects the group's earnings and its ability to meet cash obligations. Some entities in the group use forward exchange contracts to hedge their exposure to foreign currency risk in connection with their obligations. Management may hedge the net position in the major foreign currencies by using forward exchange contracts. The group generally covers forward 100% of firm commitments in foreign currency for a minimum period of 12 months and up to two years in the video-entertainment business. However, in many territories, forward cover is not available and accordingly, such exposures are not hedged. The group also uses forward exchange contracts to hedge foreign currency exposure in its print business where cover is generally taken for 50% to 100% of firm commitments in foreign currency for up to one year.

Following the acquisition of the group's interests in Delivery Hero AG and KreditechSSL GmbH during the current year (refer to note 3), the group is exposed to significant foreign exchange translation risk as a result of these investments being euro denominated. Accordingly, the group has entered into a cross-currency interest rate swap agreement to hedge its exposure to the foreign currency translation gains and losses that arise when these euro denominated investments are translated to US dollar in the group's consolidated annual financial statements.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 40. FINANCIAL RISK MANAGEMENT (continued)

### Foreign exchange risk (continued)

The group has classified its forward exchange contracts relating to forecast transactions and firm commitments as either cash flow or fair value hedges, and measures them at fair value. Hedged transactions relate mainly to programming costs, transponder lease instalments and the acquisition of inventory items. Movements in the hedging reserve for the year are detailed below:

	31 March	
	2018 US\$'m	2017 US\$'m
<b>Opening balance</b>	<b>( 30)</b>	35
Net fair value losses	( 101)	( 64)
Foreign exchange movement	( 2)	( 1)
Derecognised and added to asset	27	( 19)
Derecognised and reported in revenue	2	-
Derecognised and reported in cost of sales	( 16)	1
Derecognised and reported in finance cost	( 7)	( 3)
Tax effects	12	12
Non-controlling interest in hedging reserve	8	9
<b>Closing balance</b>	<b>( 107)</b>	( 30)

A cumulative after-tax loss of US\$106.5m (2017: US\$29.6m after-tax loss) has been deferred in the hedging reserve at 31 March 2018. This amount is expected to realise over the next two years. The fair value of all forward exchange contracts designated as cash flow hedges at 31 March 2018 was a net liability of US\$99.2m (2017: net liability of US\$29.3m), comprising assets of US\$4.1m (2017: US\$7.3m) and liabilities of US\$103.3m (2017: US\$36.6m), that were recognised as derivative financial instruments. The fair value of all forward exchange contracts designated as fair value hedges at 31 March 2018 was a liability of US\$23.9m (2017: liability of US\$29.4m). The fair value of the cross-currency interest rate swap designated as a hedge of a net investment in foreign operations is a liability amounting to US\$122.9m (2017: US\$nil).



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 40. FINANCIAL RISK MANAGEMENT (continued)

### Foreign exchange risk (continued)

During the year ended 31 March 2018 the group recognised gains on fair value hedging instruments of US\$7.9m (2017: losses of US\$1.8m) and losses of US\$84.1m (2017: US\$31.8m) on the hedged items attributable to the hedged risks. The amount recognised in the income statement due to the ineffectiveness of cash flow hedges was a loss of US\$69.5m (2017: US\$nil).

The table below sets out the periods when the cash flows are expected to occur for both fair value and cash flow hedges in place at 31 March 2018:

	Maturing within one year					
	EUR <sup>(1)</sup> 'm	EUR <sup>(2)</sup> 'm	US\$ <sup>(1)</sup> 'm	NGN <sup>(2)</sup> 'm	KES <sup>(2)</sup> 'm	Other <sup>(3)</sup> 'm
<b>Total outstanding FECs at 31 March 2018:</b>						
Video-entertainment segment	34	66	499	48 340	5 150	111
Corporate segment	-	-	144	-	-	-
Media segment	-	-	-	-	-	-
	34	66	643	48 340	5 150	111
<b>Average exchange rate (SA rand)</b>	17.25	-	14.42	-	-	-
<b>Average exchange rate (US dollar)</b>	-	1.20	-	0.003	0.009	0.009

	Maturing within one to two years		
	US\$ <sup>(1)</sup> 'm	EUR <sup>(1)</sup> 'm	EUR <sup>(2)</sup> 'm
<b>Total outstanding FECs at 31 March 2018:</b>			
Video-entertainment segment	205	35	6
Corporate segment	-	-	-
Media segment	-	-	-
	205	35	6
<b>Average exchange rate (SA rand)</b>	14.36	17.63	-
<b>Average exchange rate (US dollar)</b>	-	-	1.22

<sup>(1)</sup> Group entities that are party to these foreign exchange contracts have SA rand functional currencies.

<sup>(2)</sup> Group entities that are party to these foreign exchange contracts have US dollar functional currencies.

<sup>(3)</sup> The majority of these FECs relate to contracts denominated in Canadian dollar, Chinese yuan renminbi, Botswana pula, British pound and Zambian kwacha and have been expressed in the US dollar equivalent.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 40. FINANCIAL RISK MANAGEMENT (continued)

### Foreign exchange risk (continued)

	Maturing within one year					
	EUR <sup>(1)</sup> 'm	EUR <sup>(2)</sup> 'm	US\$ <sup>(1)</sup> 'm	CNY <sup>(2)</sup> 'm	CAD <sup>(2)</sup> 'm	Other <sup>(3)</sup> 'm
Total outstanding FECs at 31 March 2017:						
Video-entertainment segment	33	49	361	156	25	17
Corporate segment	-	-	202	-	-	-
Media segment	23	-	2	-	-	3
	56	49	565	156	25	20
Average exchange rate (SA rand)	17.26	-	15.75	-	-	-
Average exchange rate (US dollar)	-	1.12	-	0.14	0.77	0.07
	Maturing within one to two years					
	US\$ <sup>(1)</sup> 'm	EUR <sup>(1)</sup> 'm				
Total outstanding FECs at 31 March 2017:						
Video-entertainment segment	139	34				
Corporate segment	65	-				
Media segment	-	-				
	204	34				
Average exchange rate (SA rand)	14.95	17.25				

<sup>(1)</sup> Group entities that are party to these foreign exchange contracts have SA rand functional currencies.

<sup>(2)</sup> Group entities that are party to these foreign exchange contracts have US dollar functional currencies.

<sup>(3)</sup> The majority of these FECs relate to contracts denominated in Indian rupees, British pound and South African rand and have been expressed in the US dollar equivalent.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 40. FINANCIAL RISK MANAGEMENT (continued)

### Foreign exchange risk (continued)

To hedge its exposure to the foreign currency translation risk arising on translation of certain of the group's euro denominated equity-accounted investments to the group's US dollar presentation currency, the group entered into a cross-currency interest rate swap agreement. The cross-currency interest rate swap agreement has been designated as a net investment hedge regarding certain of the group's euro-denominated foreign operations.

The cross-currency interest rate swap matures in July 2025 and on maturity the group will exchange €700m for US\$786.5m.

During the current year, a total loss of US\$122.9m (2017: US\$nil) was recognised on the cross-currency interest rate swap agreement of which US\$53.4m (2017: US\$nil) has been recognised in the foreign currency translation reserve being the effective portion of the net investment hedge. Accordingly, US\$69.5m (2017: US\$nil) was recognised as part of "Other finance (costs)/income – net" in the income statement.

Where the group has surplus funds offshore, the treasury policy is to spread the funds between more than one currency to limit the effect of foreign exchange rate fluctuations and to generate the highest possible interest income. As at 31 March 2018 the group had a net cash balance of US\$11.37bn (2017: US\$4.0bn), of which US\$397.7m (2017: US\$476.7m) was held in South Africa. The US\$10.97bn (2017: US\$3.5bn) held offshore was largely denominated in US dollar, euro, Indian rupee, Brazilian real and Nigerian naira. The group utilises its holdings of certain formally designated foreign currency denominated cash balances to internally hedge the foreign exchange exposure arising from the future purchase of sports rights which are denominated in US dollar and where the purchasing entity has a functional currency other than US dollar.

### Foreign currency sensitivity analysis

The group's presentation currency is the US dollar, but as it operates internationally, it is exposed to a number of currencies, of which the exposure to the US dollar, euro, Nigerian naira, Russian rouble, South African rand and Angolan kwanza is the most significant. The group is also exposed to the Chinese yuan renminbi and Brazil real, albeit to a lesser extent. For purposes of the below analysis, financial instruments are only considered sensitive to foreign exchange rates when they are not denominated in the functional currency of the group entity holding the relevant financial instrument.

The sensitivity analysis details the group's sensitivity to a 10% decrease (2017: 10% decrease) in the SA rand against the US dollar and euro, as well as a 10% increase of the US dollar against the euro and 15% against the Nigerian naira and Angolan kwanza (2017: 10% increase of the US dollar against the euro and 15% decrease of the US dollar against the Nigerian naira). These movements would result in a US\$23.0m increase in net profit after tax for the year (2017: US\$143.7m decrease). Total equity would decrease by US\$94.7m (2017: US\$24.3m increase).

This analysis includes only outstanding foreign currency denominated monetary assets and liabilities (i.e. those monetary assets and liabilities denominated in a currency that differs from the relevant group company's functional currency) and adjusts their translation at the period-end for the above percentage changes in foreign currency rates. The sensitivity analysis includes external loans, as well as loans to foreign operations within the group, but excludes translation differences due to translating from functional currency to presentation currency. The analysis has been adjusted for the effect of hedge accounting.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 40. FINANCIAL RISK MANAGEMENT (continued)

### Foreign exchange rates

The exchange rates used by the group to translate foreign entities' income statements, statements of comprehensive income and statements of financial position are as follows:

	31 March 2018		31 March 2017	
	Average rate	Closing rate	Average rate	Closing rate
<b>Currency (1FC = US\$)</b>				
South African rand	<b>0.0774</b>	<b>0.0845</b>	0.0713	0.0745
Euro	<b>1.1786</b>	<b>1.2323</b>	1.0940	1.0652
Chinese yuan renminbi	<b>0.1517</b>	<b>0.1594</b>	0.1483	0.1452
Brazilian real	<b>0.3097</b>	<b>0.3026</b>	0.3061	0.3202
Nigerian naira	<b>0.0028</b>	<b>0.0028</b>	0.0035	0.0033
Indian rupee	<b>0.0155</b>	<b>0.0154</b>	0.0149	0.0154
Polish zloty	<b>0.2794</b>	<b>0.2922</b>	0.2516	0.2517
Russian rouble	<b>0.0173</b>	<b>0.0175</b>	0.0159	0.0178

The average rates listed above are only approximate average rates for the year. The group measures separately the transactions of each of its material operations, using the particular currency of the primary economic environment in which the operation conducts its business, translated at the prevailing exchange rate on the transaction date.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 40. FINANCIAL RISK MANAGEMENT (continued)

### Foreign exchange risk (continued)

#### Foreign exchange rates (continued)

The below table details the group's unhedged liabilities that are denominated in a currency other than the functional currency of the settling entity:

	31 March 2018		31 March 2017	
	Currency amount of liabilities 'm	US\$m	Currency amount of liabilities 'm	US\$m
<b>Uncovered liabilities</b>				
US dollar	1 362	1 362	915	915
British pound	7	10	5	6
Euro	107	133	90	95
Canadian dollar	4	3	5	4
Nigerian naira	8 771	24	3 728	12
South African rand	118	10	-	-
Indian rupee	258	4	29	-
Other	-	15	-	8

### Derivative financial instruments

The following table details the group's derivative financial instruments:

	31 March 2018		31 March 2017	
	Assets US\$m	Liabilities US\$m	Assets US\$m	Liabilities US\$m
<b>Current portion</b>				
Forward exchange contracts	9	128	-	95
Shareholders' liabilities	-	-	-	18
Interest rate and cross-currency swaps	-	1	-	6
Currency devaluation features <sup>(1)</sup>	2	-	6	-
	11	129	6	119
<b>Non-current portion</b>				
Forward exchange contracts	-	34	2	11
Derivatives embedded in leases	1	-	-	-
Interest rate and cross-currency swaps	-	123	-	2
	1	157	2	13
<b>Total</b>	<b>12</b>	<b>286</b>	<b>8</b>	<b>132</b>

<sup>(1)</sup> Currency devaluation features relate to clauses in content acquisition agreements that provide the group with a contractually specified level of currency devaluation protection. The total value of derivative assets arising from such agreements at 31 March 2018 amounted to US\$1.7m (2017: US\$6.0m).

The group's forward exchange contracts and interest rate swaps are subject to master netting arrangements that allow for offsetting of asset and liability positions with the same counterparty in the event of default. None of the group's forward exchange contracts and interest rate swap agreements have been offset in the statement of financial position. Had forward exchange contracts been offset, the net liability presented in the statement of financial position would amount to US\$153.1m (2017: net liability of US\$104.1m).





# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 40. FINANCIAL RISK MANAGEMENT (continued)

### **Credit risk**

The group is exposed to credit risk relating to the following assets:

#### ***Investments and loans***

There is no concentration of credit risk within investments in preference shares and convertible notes of associates.

#### ***Trade receivables***

Trade receivables consist primarily of invoiced amounts from normal trading activities. The group has a large diversified customer base across many geographical areas. Various credit checks are performed on new debtors to determine the quality of their credit history. These checks are also performed on existing debtors with long-overdue accounts. Furthermore, current debtors are monitored to ensure they do not exceed their credit limits.

#### ***Other receivables***

There is no concentration of credit risk within other receivables. The level of interest in related party receivables minimises the credit risk.

#### ***Cash, deposits and derivative assets***

The group is exposed to certain concentrations of credit risk relating to its cash, current investments and derivative assets. It places these instruments mainly with major banking groups and high-quality institutions that have high credit ratings. The group's treasury policy is designed to limit exposure to any one institution and to invest excess cash in low-risk investment accounts. As at 31 March 2018 the group held the majority of its cash, deposits and derivative assets with local and international banks with a 'Baa1' credit rating or higher (Moody's International's long-term deposit rating). The counterparties that are used by the group are evaluated on a continuous basis.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 40. FINANCIAL RISK MANAGEMENT (continued)

### Liquidity risk

Prudent liquidity risk management implies, among other aspects, maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. In terms of the memorandum of incorporation of the company, no limitation is placed on its borrowing capacity. The facilities expiring within one year are subject to renewal at various dates during the next year. The group had the following unutilised banking facilities as at 31 March 2018 and 2017:

	31 March	
	2018 US\$'m	2017 US\$'m
On call	24	167
Expiring within one year	5	128
Expiring beyond one year	2 668	2 505
	2 697	2 800

The following analysis details the remaining contractual maturity of the group's non-derivative and derivative financial liabilities. The analysis is based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group can be required to settle the liability. The analysis includes both interest and principal cash flows.

	31 March 2018				
	Carrying value US\$'m	Contractual cash flows US\$'m	0 - 12 months US\$'m	1 - 5 years US\$'m	5 years + US\$'m
<b>Non-derivative financial liabilities</b>					
Interest-bearing: Capitalised finance leases	(1 158)	(1 450)	(115)	(548)	(787)
Interest-bearing: Loans and other liabilities	(3 216)	(4 338)	(189)	(1 565)	(2 584)
Non-interest bearing: Programme and film rights	(143)	(147)	(130)	(17)	-
Non-interest-bearing: Loans and other liabilities	(64)	(64)	(51)	(11)	(2)
Other non-current liabilities	(867)	(867)	-	(867)	-
Trade payables	(564)	(568)	(568)	-	-
Accrued expenses and other current liabilities <sup>(1)</sup>	(2 286)	(2 287)	(2 287)	-	-
Related party payables	(17)	(17)	(17)	-	-
Dividends payable	(2)	(2)	(2)	-	-
Bank overdrafts and call loans	(1)	(1)	(1)	-	-
<b>Derivative financial assets/(liabilities)</b>					
Forward exchange contracts - inflow	-	928	655	273	-
Forward exchange contracts - outflow	(153)	(1 083)	(773)	(310)	-
Currency devaluation features	2	2	2	-	-
Derivatives contained in lease agreements	1	-	-	1	-
Interest rate and cross-currency swaps	(124)	(124)	(1)	(123)	-

<sup>(1)</sup> Includes written put liabilities - refer to note 23.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 40. FINANCIAL RISK MANAGEMENT (continued)

### Liquidity risk (continued)

	31 March 2017				
	Carrying value Restated US\$'m	Contractual cash flows Restated US\$'m	0 - 12 months Restated US\$'m	1 - 5 years Restated US\$'m	5 years + Restated US\$'m
<b>Non-derivative financial liabilities</b>					
Interest-bearing: Capitalised finance leases <sup>(1)</sup>	(1 211)	(1 557)	( 110)	( 514)	( 933)
Interest-bearing: Loans and other liabilities	(2 898)	(3 704)	( 858)	(1 415)	(1 431)
Non-interest bearing: Programme and film rights	( 125)	( 127)	( 115)	( 12)	-
Non-interest-bearing: Loans and other liabilities	( 28)	( 28)	( 26)	( 2)	-
Other non-current liabilities	(1 708)	(1 708)	-	(1 699)	( 9)
Trade payables <sup>(1)</sup>	( 505)	( 508)	( 508)	-	-
Accrued expenses and other current liabilities <sup>(1)</sup>	(1 131)	(1 131)	(1 131)	-	-
Related party payables	( 7)	( 7)	( 7)	-	-
Dividends payable	( 4)	( 4)	( 4)	-	-
Bank overdrafts and call loans	( 4)	( 4)	( 4)	-	-
<b>Derivative financial assets/(liabilities)</b>					
Forward exchange contracts - inflow	-	776	586	190	-
Forward exchange contracts - outflow	( 104)	( 886)	( 687)	( 199)	-
Currency devaluation features	6	6	5	1	-
Shareholders' liabilities	( 18)	( 18)	( 18)	-	-
Interest rate swaps	( 8)	( 8)	( 6)	( 2)	-

<sup>(1)</sup> Includes financial liabilities classified as held for sale - refer to note 16.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 40. FINANCIAL RISK MANAGEMENT (continued)

### Interest rate risk

As part of the process of managing the group's fixed and floating borrowings mix, the interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates. Where appropriate, the group uses derivative financial instruments, such as interest rate swap agreements, purely for hedging purposes. The fair value of these instruments will not change significantly as a result of changes in interest rates due to their short-term nature and floating interest rates.

The group has an interest rate swap agreement in place with respect to its revolving credit facility (US\$2.5bn facility which is fully undrawn as at 31 March 2018). This interest rate swap agreement commenced on 29 February 2016, has a notional value of US\$500m and carries interest at 2.37%. This interest rate swap expires on 31 October 2018.

The fair values of the group's interest rate swaps amounted to a net liability of US\$1.0m (2017: net liability of US\$7.9m) as at 31 March 2018.

Refer to note 22 for the interest rate profiles and repayment terms of long-term liabilities as at 31 March 2018 and 2017.

### Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the statement of financial position date (after taking into account the effect of hedge accounting) and the stipulated change taking place at the beginning of the next financial year and held constant throughout the reporting period in the case of instruments that have floating rates. The group is mainly exposed to interest rate fluctuations of the South African, American, European and London repo rates. Management's best estimate of the possible change in these interest rates is an increase of 100 basis points (2017:100 basis points).

If interest rates changed as stipulated above and all other variables were held constant, specifically foreign exchange rates, the group's net profit after tax for the year ended 31 March 2018 would increase by US\$3.0m and total equity as at 31 March 2018 would increase by US\$1.1m (2017: increase by US\$8.5m).



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 41. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values, net gains and losses recognised in profit and loss, total interest income, total interest expense and impairment per class of financial instrument are as follows:

	31 March 2018			
	Carrying value US\$'m	Net gains/ (losses) recognised in profit or loss US\$'m	Total interest income US\$'m	Impairment US\$'m
<b>Assets</b>				
Investments and loans	123	( 1)	3	-
Investments in preference shares and convertible notes of associates	25	-	-	-
Available-for-sale investments <sup>(1)</sup>	71	-	-	-
Other loans and receivables	2	( 1)	-	-
Related party loans	25	-	3	-
Receivables and loans	881	( 23)	6	9
Trade receivables	452	( 35)	2	9
Other receivables	425	-	2	-
Foreign currency intergroup receivables	-	12	-	-
Related party receivables	4	-	2	-
Derivative financial instruments	12	7	-	-
Forward exchange contracts	9	4	-	-
Derivatives embedded in leases	1	-	-	-
Currency devaluation features	2	3	-	-
Cash and cash equivalents	11 369	5	66	-
<b>Total</b>	<b>12 385</b>	<b>( 12)</b>	<b>75</b>	<b>9</b>

<sup>(1)</sup> During the period a loss of US\$4m (2017: US\$1m) was recognised in other comprehensive income with respect to the group's available-for-sale investments.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 41. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	31 March 2018		
	Carrying value US\$'m	Net gains/ (losses) recognised in profit or loss US\$'m	Total interest expense US\$'m
<b>Liabilities</b>			
Long-term liabilities	5 168	20	245
Interest-bearing: Capitalised finance leases	1 086	94	50
Interest-bearing: Loans and other liabilities	3 202	-	195
Non-interest-bearing: Loans and other liabilities	13	-	-
Other non-current liabilities	867	( 74)	-
Short-term payables and loans	3 149	( 169)	20
Interest-bearing: Capitalised finance leases	72	4	1
Interest-bearing: Loans and other liabilities	14	1	1
Non-interest-bearing: Programme and film rights	143	12	7
Non-interest-bearing: Loans and other liabilities	51	-	-
Trade payables	564	12	7
Accrued expenses and other current liabilities	2 286	( 166)	2
Related party payables	17	-	2
Foreign currency intergroup payables	-	( 32)	-
Dividends payable	2	-	-
Derivative financial instruments	286	( 217)	-
Forward exchange contracts	162	( 140)	-
Shareholders' liabilities	-	( 7)	-
Interest rate and cross-currency swaps	124	( 70)	-
Bank overdrafts and call loans	1	-	1
<b>Total</b>	<b>8 604</b>	<b>( 366)</b>	<b>266</b>

The carrying values of all financial instruments, apart from those disclosed below and certain available-for-sale investments (refer to note 10), are considered to be a reasonable approximation of their fair values.

The fair values of the following instruments that are not measured at fair value have been disclosed as their carrying values are not a reasonable approximation of fair value:

### Financial liabilities

	Carrying value US\$'m	Fair value US\$'m	Level 1 US\$'m	Level 2 US\$'m	Level 3 US\$'m
<b>Financial liabilities</b>					
<b>31 March 2018</b>					
Capitalised finance leases	1 158	1 125	-	-	1 125
Publicly traded bonds	3 200	3 357	-	3 357	-
<b>31 March 2017</b>					
Capitalised finance leases <sup>(1)</sup>	1 211	1 199	-	-	1 199
Publicly traded bonds	2 900	3 041	-	3 041	-

<sup>(1)</sup> Includes financial liabilities classified as held for sale - refer to note 16.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 41. FAIR VALUE FINANCIAL INSTRUMENTS (continued)

	31 March 2017			
	Carrying value US\$'m	Net gains/ (losses) recog- nised in profit or loss US\$'m	Total interest income US\$'m	Impair- ment US\$'m
<b>Assets</b>				
Investments and loans	82	-	2	2
Investments in preference shares and convertible notes	15	-	-	-
Available-for-sale investments <sup>(1)</sup>	43	-	-	-
Other loans and receivables	16	-	1	-
Related party loans	8	-	1	2
Receivables and loans	650	( 31)	5	21
Trade receivables <sup>(2)</sup>	452	( 2)	3	24
Other receivables <sup>(2)</sup>	195	( 4)	2	( 3)
Foreign currency intergroup receivables	-	( 25)	-	-
Related party receivables	3	-	-	-
Derivative financial instruments	8	15	-	-
Forward exchange contracts	2	4	-	-
Currency devaluation features	6	11	-	-
Cash and cash equivalents <sup>(2)</sup>	4 030	-	53	-
<b>Total</b>	<b>4 770</b>	<b>( 16)</b>	<b>60</b>	<b>23</b>

<sup>(1)</sup> During the period a gain of US\$1m was recognised in other comprehensive income with respect to the group's available-for-sale investments.

<sup>(2)</sup> Includes financial instruments classified as held for sale. Refer to note 16.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 41. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	31 March 2017		
	Carrying value Restated US\$m	Net gains/ (losses) recog- nised in profit or loss Restated US\$m	Total interest expense Restated US\$m
<b>Liabilities</b>			
Long-term liabilities	5 055	( 478)	241
Interest-bearing: Capitalised finance leases <sup>(1)</sup>	1 147	41	44
Interest-bearing: Loans and other liabilities	2 198	1	197
Non-interest-bearing: Loans and other liabilities	2	-	-
Other non-current liabilities	1 708	( 520)	-
Short-term payables and loans	2 562	( 310)	26
Interest-bearing: Capitalised finance leases <sup>(1)</sup>	64	1	2
Interest-bearing: Loans and other liabilities	700	-	2
Non-interest-bearing: Programme and film rights	125	12	10
Non-interest-bearing: Loans and other liabilities	26	( 1)	-
Trade payables	505	( 2)	9
Accrued expenses and other current liabilities <sup>(1)</sup>	1 131	( 116)	2
Related party payables	7	-	1
Foreign currency intergroup payables	-	( 204)	-
Dividends payable	4	-	-
Derivative financial instruments	132	( 83)	-
Forward exchange contracts	106	( 83)	-
Shareholders' liabilities	18	( 4)	-
Interest rate swaps	8	4	-
Bank overdrafts and call loans	4	-	1
<b>Total</b>	<b>7 753</b>	<b>( 871)</b>	<b>268</b>

<sup>(1)</sup> Includes financial instruments classified as held for sale. Refer to note 16.

The group categorises fair-value measurements into levels 1 to 3 of the fair value hierarchy based on the degree to which the inputs used in measuring fair value are observable:

- Level 1 fair-value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair-value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices). The fair value of financial instruments that are not traded in active markets (for example, derivatives such as interest rate swaps, forward exchange contracts and certain options) is determined through valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to measure the fair value of an instrument are observable, the instrument is included in level 2.
- Level 3 fair-value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).





# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 41. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

### Valuation techniques and key inputs used to measure significant level 2 and level 3 fair values

#### Level 2 fair-value measurements

- *Forward exchange contracts* – in measuring the fair value of forward exchange contracts, the group makes use of market observable quotes of forward foreign exchange rates on instruments that have a maturity similar to the maturity profile of the group's forward exchange contracts. Key inputs used in measuring the fair value of forward exchange contracts include: current spot exchange rates, market forward exchange rates and the term of the group's forward exchange contracts.
- *Interest rate swaps* – the fair value of the group's interest rate swaps is determined through the use of discounted cash flow techniques using only market observable information. Key inputs used in measuring the fair value of interest rate swaps include: spot market interest rates, contractually fixed interest rates, counterparty credit spreads, notional amounts on which interest rate swaps are based, payment intervals, risk-free interest rates as well as the duration of the relevant interest rate swap arrangement.

#### Level 3 fair-value measurements

- *Shareholders' liabilities* – relate predominantly to derivative financial instruments contained in shareholders' agreements to which the group is a party. Where relevant, such derivative financial instruments are valued using option pricing models as well as discounted cash flow analyses. Significant inputs vary between agreements but include: the current fair value of the underlying share over which the instrument is written, the strike price of the option, risk-free interest rates, calculated volatilities and the period to exercise.
- *Earn-out obligations* – relate to amounts that are payable to the former owners of businesses now controlled by the group provided that contractually stipulated post-combination performance criteria are met. These are remeasured to fair value at the end of each reporting period. Key inputs used in measuring fair value include: current forecasts of the extent to which management believe performance criteria will be met, discount rates reflecting the time value of money and contractually specified earn-out payments.
- *Currency devaluation features* – relate to clauses in content acquisition agreements that provide the group with protection in the event of significant devaluations of the purchasing entity's functional currency relative to the currency of the content acquisition agreement. The fair value of currency devaluation features is measured through the use of discounted cash flow techniques. Key inputs used in measuring fair value include the terms and benchmark rates contained in content acquisition agreements and spot exchange rates prevailing at the relevant measurement dates.

#### Instruments not measured at fair value for which fair value is disclosed

- *Level 2* – the fair values of the publicly traded bonds have been determined with reference to the listed prices of the instruments at the reporting date. As the instruments are not actively traded, this is a level 2 disclosure.
- *Level 3* – the fair values of all level 3 disclosures have been determined through the use of discounted cash flow analyses. Key inputs include current market interest rates as well as contractual cash flows.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 41. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The fair values of the group's financial instruments that are measured at fair value at each reporting period are categorised as follows:

31 March 2018				
	Fair value US\$'m	Level 1 US\$'m	Level 2 US\$'m	Level 3 US\$'m
<b>Assets</b>				
Available-for-sale investments	35	33	2	-
Forward exchange contracts	9	-	9	-
Derivatives embedded in leases	1	-	-	1
Currency devaluation features	2	-	-	2
<b>Total</b>	<b>47</b>	<b>33</b>	<b>11</b>	<b>3</b>
<b>Liabilities</b>				
Forward exchange contracts	162	-	162	-
Earn-out obligations	58	-	-	58
Interest rate and cross-currency swaps	124	-	124	-
<b>Total</b>	<b>344</b>	<b>-</b>	<b>286</b>	<b>58</b>
31 March 2017				
	Fair value US\$'m	Level 1 US\$'m	Level 2 US\$'m	Level 3 US\$'m
<b>Assets</b>				
Available-for-sale investments	13	11	2	-
Forward exchange contracts	2	-	2	-
Currency devaluation features	6	-	-	6
<b>Total</b>	<b>21</b>	<b>11</b>	<b>4</b>	<b>6</b>
<b>Liabilities</b>				
Forward exchange contracts	106	-	106	-
Shareholders' liabilities	18	-	-	18
Earn-out obligations	24	-	-	24
Interest rate swaps	8	-	8	-
<b>Total</b>	<b>156</b>	<b>-</b>	<b>114</b>	<b>42</b>

There were no transfers between level 1 and level 2 during any period presented.



## Notes to the consolidated annual financial statements (continued)

*for the year ended 31 March 2018*

### **42. SUBSEQUENT EVENTS**

In April 2018 the group acquired the share capital held by non-controlling shareholders of its subsidiary Dubizzle Limited (Dubizzle) for US\$190m. Following the acquisition, the group holds a 100% effective interest in Dubizzle.

In May 2018 the group announced the sale of its interest in Flipkart Limited - its equity-accounted eetail investment in India – to US-based retailer Walmart Inc. for US\$2.20bn. The transaction is subject to regulatory approval.

In May 2018 the group invested US\$35.0m for a 16% effective interest in Honor Technology Inc. a first-of-its-kind home care company providing in-home senior care.

In May 2018 the group invested US\$89m for a 36% effective interest in FCG Germany GmbH (Frontier Car Group), an online car marketplace headquartered in Berlin.

In June 2018 the group committed to an investment of US\$80m in its associate, Bundl Technologies Private Limited (Swiggy), the operator of a first-party food-delivery marketplace in India. Following this investment, the group will hold a 24% effective interest (23% fully diluted) in Swiggy

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## Notes to the consolidated annual financial statements (continued)

*for the year ended 31 March 2018*

### **43. EQUITY COMPENSATION BENEFITS**

The group had various equity compensation plans in operation during the financial year, the majority of which are classified as equity-settled. In terms of these plans, employees are offered awards in the form of either share options, restricted stock units (RSUs) or share appreciation rights (SARs).

All awards are granted subject to the completion of a requisite service (vesting) period by employees, ranging from one year to five years. Unvested awards are subject to forfeiture on termination of employment. Vesting takes place in tranches depending on the duration of the total vesting period.

In respect of the share options and SARs on exercise date, following completion of the vesting period, awards are settled with employees in the equity instruments of Naspers Limited or its subsidiaries for equity-settled plans and in cash or other assets for cash-settled plans, where applicable. In respect of RSUs, awards are automatically settled in Naspers Limited equity instruments on the vesting date.

All share options are granted with an exercise price of not less than 100% of the market value or fair value of the respective company's shares on the date of the grant. RSUs are granted with an exercise price of zero. All SARs are granted with an exercise price of not less than 100% of the fair value of the SARs on the date of the grant. All unvested share options/RSUs/SARs are subject to forfeiture upon termination of employment. All cancelled options/RSUs/SARs are cancelled by mutual agreement between the employer and employee.

Although the group has various equity compensation plans in operation, disclosure is provided only for those plans that had the most significant impact on the group's income statement during the current year.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 43. EQUITY COMPENSATION BENEFITS (continued)

The following share option and RSU plans were in operation during the financial year:

Share option plan/RSU plan	Maximum awards permissible <sup>(1)</sup>	Vesting period <sup>(2)</sup>	Period to expiry from date of offer	IFRS 2 classification
<b>Group</b>				
Naspers Share Incentive Trust <sup>(5)</sup>	Note 3	a <sup>(3)</sup>	10 years	Equity-settled
MIH Holdings Share Trust <sup>(5)</sup>	Note 3	a <sup>(3)</sup>	10 years	Equity-settled
MIH Services FZ LLC Share Trust (formerly known as MIH (Mauritius) Limited) <sup>(5)</sup>	Note 3	a <sup>(3)</sup>	10 years	Equity-settled
Naspers Restricted Stock Plan Trust (RSU)	Note 5	a	Note 6	Equity-settled
<b>Social and internet platforms</b>				
MIH Russia Internet B.V. Share Trust	10%	c	10 years	Equity-settled
<b>Ecommerce</b>				
OLX B.V. Share Trust	15%	b	7 years and 3 months	Equity-settled
Ambatana Holdings B.V. 2016 Stock Option Plan	2.5%	a	10 years	Equity-settled
MIH Buscapé Holdings B.V. 2012 Share Trust	15%	c	10 years	Equity-settled
Buscapé Company Brasil Holdings B.V. Share Option Scheme		a	10 years	Equity-settled
iFood.com Share Option Scheme	10%	c	10 years	Equity-settled
Movile Internet Movel S.A. 2013 Share Trust	10%	c	10 years	Equity-settled
Dante International S.A. (eMAG) Share Option Scheme	10%	c	10 years	Equity-settled
MMC PlayKids Holding B.V. Share Option Scheme	15%	c	10 years	Equity-settled
Rapiddo Agencia de Servicios de Entrega Rapida Limitada Stock Option Scheme	10%	a	10 years	Equity-settled

The group provides detailed disclosure for those share option and RSU plans that are considered significant to the consolidated annual financial statements.

### Notes in relation to the group's share option and RSU plans:

- <sup>(1)</sup> The percentage reflected in this column is the maximum percentage of the respective companies' issued share capital that is available for the plan.
- <sup>(2)</sup> Vesting period: a One quarter vests after years one, two, three and four.  
b One third vests after years three, four and five.  
c One fifth vests after years one, two, three, four and five.
- <sup>(3)</sup> At the Naspers annual general meeting held on 25 August 2017 a resolution was adopted by shareholders whereby the vesting period for options granted after 25 August 2017 would be one quarter vesting after years one, two, three and four. Options granted before 25 August 2017 vest over three, four and five years respectively.
- <sup>(4)</sup> At the Naspers annual general meeting held on 27 August 2010 a resolution was adopted by shareholders whereby the maximum number of shares available for fresh allocation after 27 August 2010 to participants under this scheme, and any other share incentive scheme of Naspers, or any direct or indirect subsidiary of Naspers, is 40 588 541 shares, which number will increase by virtue of any subdivision of shares or decrease by virtue of any consolidation of shares, as the case may be. From 1 April 2018, the group will purchase Naspers shares on the open market for the purpose of issuing new Naspers share options to employees.
- <sup>(5)</sup> The Naspers Restricted Stock Plan Trust may issue no more than 200 000 awards in aggregate during any one financial year.
- <sup>(6)</sup> Awards are automatically settled with participants on the vesting date.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 43. EQUITY COMPENSATION BENEFITS (continued)

The following share appreciation rights plans were in operation during the financial year:

Share appreciation rights plans	Maximum awards permissible <sup>(1)</sup>	Vesting period <sup>(2)</sup>	Period to expiry from date of offer	IFRS 2 classification
<b>Video entertainment</b>				
MultiChoice 2008 SAR Scheme	10%	a	10 years	Equity-settled
Irreto Holdings B.V. 2012 SAR Scheme	15%	c	10 Years	Equity-settled
Showmax SAR Scheme	15%	c	10 years	Equity-settled
<b>Media</b>				
Media24 SAR Scheme	10%	a	5 years and 14 days	Equity-settled
<b>Social and internet platforms</b>				
MIH China/MIH TC 2008 SAR Scheme	10%	c	5 years and 14 days	Equity-settled
<b>Ecommerce</b>				
Netpreneur Connections Enterprises Inc (OLX Philippines) SAR Scheme	13%	c	10 years	Equity-settled
MIH Internet SEA Private Limited SAR Scheme	15%	c	10 years	Equity-settled
MIH Food Holdings B.V. SAR Scheme	5%	b	10 years	Equity-settled
MIH India Food Holdings B.V. SAR Scheme	10%	b	10 years	Equity-settled
Avito AB SAR Scheme	5%	b	10 years	Equity-settled
CEE Classifieds SAR Scheme	10%	c	10 years	Equity-settled
FixeAds B.V. SAR Scheme	10%	c	10 years	Equity-settled
Tokobagus Exploitatie B.V. SAR Scheme	15%	c	10 years	Equity-settled
Dubizzle Limited SAR Scheme	10%	c	10 years	Equity-settled
Flipkart Limited SAR Scheme	5%	c	10 years	Equity-settled
Naspers Fintech B.V. SAR Scheme	15%	c	10 years	Equity-settled
Naspers Global Classifieds SAR Scheme	Note 3	c	10 years	Equity-settled
Naspers Global Ecommerce SAR Scheme	Note 3	c	10 years	Equity-settled
Naspers Global Online Services SAR Scheme	Note 3	c	10 years	Equity-settled
Naspers Ventures B.V. SAR Scheme	10%	d	10 years	Equity-settled
SimilarWeb Limited SAR Scheme	5%	c	10 years	Equity-settled
Property24 SAR Scheme	15%	c	10 years	Equity-settled
Dante International S.A. SAR Scheme	2.5%	b	10 years	Equity-settled
Takealot Online Proprietary Limited SAR Scheme	15%	b	10 years	Equity-settled

The group provides detailed disclosure for those share appreciation rights plans that are considered significant to the financial statements.

### Notes in relation to the group's share appreciation rights plans:

- <sup>(1)</sup> The percentage reflected in this column is the maximum percentage of the respective companies issued/notional share capital that is available for the plan.
- <sup>(2)</sup> Vesting period:
- a One third vests after years three, four and five.
  - b One quarter vests after years one, two, three and four.
  - c One fifth vests after years one, two, three, four and five.
  - d One quarter vests after years two, three, four and five.
- <sup>(3)</sup> The Naspers Global Classifieds, Naspers Global Ecommerce and Naspers Global Online Services SAR schemes may collectively issue no more than 5% of the then total notional shares of all the underlying assets as recorded in the most recent pro forma capitalisation tables.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 43. EQUITY COMPENSATION BENEFITS (continued)

Movements in terms of the group's significant share option and RSU plans are as follows:

31 March 2018				
	Naspers	Naspers RSU	MIH Holdings	MIH Services
<b>Shares</b>				
Outstanding at 1 April	222 550	99 604	598 158	2 340 315
Granted	21 087	50 568	71 383	252 898
Exercised	(27 050)	(27 127)	(150 645)	(390 796)
Forfeited	(11 739)	(14 638)	(18 397)	(16 292)
Expired	-	-	-	(1 117)
Outstanding at 31 March	204 848	108 407	500 499	2 185 008
Available to be implemented at 31 March	100 175	-	194 595	1 148 260
<b>Weighted average exercise price</b>	<b>(SA rand)</b>	<b>(SA rand)</b>	<b>(SA rand)</b>	<b>(SA rand)</b>
Outstanding at 1 April	1 076.46	-	1 112.48	973.72
Granted	2 973.22	-	2 992.97	2 945.66
Reduction in strike price due to Novus Limited unbundling	( 1.94)	-	( 1.90)	( 2.05)
Exercised	495.18	-	671.98	193.13
Forfeited	2 008.88	-	1 950.95	1 977.23
Expired	-	-	-	182.00
Outstanding at 31 March	1 292.92	-	1 480.18	1 332.29
Available to be implemented at 31 March	588.17	-	642.96	776.58
<b>Weighted average share price of options taken up during the year</b>				
Shares	27 050	27 127	150 645	390 796
Weighted average share price	3 106.17	3 109.23	3 015.70	3 127.84
31 March 2017				
<b>Shares</b>				
Outstanding at 1 April	241 082	93 643	693 290	2 274 456
Granted	30 258	86 888	94 118	265 715
Exercised	(43 566)	(47 803)	(175 047)	(179 727)
Forfeited	(5 224)	(33 124)	(13 955)	(20 129)
Cancelled	-	-	( 248)	-
Outstanding at 31 March	222 550	99 604	598 158	2 340 315
Available to be implemented at 31 March	89 989	-	201 339	1 131 780
<b>Weighted average exercise price</b>	<b>(SA rand)</b>	<b>(SA rand)</b>	<b>(SA rand)</b>	<b>(SA rand)</b>
Outstanding at 1 April	785.28	-	782.87	773.64
Granted	2 286.02	-	2 387.56	2 235.36
Exercised	286.64	-	421.90	274.86
Forfeited	1 231.62	-	2 003.39	1 260.92
Cancelled	-	-	888.80	-
Outstanding at 31 March	1 076.46	-	1 112.48	973.72
Available to be implemented at 31 March	339.48	-	440.76	469.84
<b>Weighted average share price of options taken up during the year</b>				
Shares	43 566	24 083	175 047	179 727
Weighted average share price	2 209.73	2 187.01	2 242.31	2 137.52



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 43. EQUITY COMPENSATION BENEFITS (continued)

Movements in terms of the group's significant share appreciation rights plans are as follows:

	31 March 2018			
	MultiChoice 2008	Naspers Global Classifieds	Naspers Global Ecommerce	Naspers Fintech B.V.
<b>SARs</b>				
Outstanding at 1 April	23 251 981	13 154 364	10 542 951	1 463 562
Granted	7 961 661	6 253 259	1 580 021	288 153
Exercised	(80 948)	(516 830)	(186 331)	(167 894)
Forfeited	(3 332 087)	(1 733 361)	(55 549)	(290 952)
Outstanding at 31 March	27 800 607	17 157 432	11 881 092	1 292 869
Available to be implemented at 31 March	5 331 078	3 929 738	5 588 826	331 547
<b>Weighted average exercise price</b>	<b>(SA rand)</b>	<b>(US\$)</b>	<b>(US\$)</b>	<b>(US\$)</b>
Outstanding at 1 April	114.66	5.23	16.32	40.99
Granted	94.39	7.62	27.19	58.44
Exercised	88.05	5.35	17.42	40.98
Forfeited	112.74	6.30	19.67	41.84
Outstanding at 31 March	109.16	5.99	17.73	44.69
Available to be implemented at 31 March	109.90	4.80	15.96	41.09
<b>Weighted average share price of options taken up during the year</b>				
Shares	80 948	516 830	186 331	167 894
Weighted average share price	94.39	7.64	27.68	58.44





# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 43. EQUITY COMPENSATION BENEFITS (continued)

Movements in terms of the group's significant share appreciation rights plans are as follows:

	31 March 2017			
	MultiChoice 2008	Naspers Global Classifieds	Naspers Global Ecommerce	Naspers Fintech B.V.
<b>SARs</b>				
Outstanding at 1 April	18 265 920	8 523 139	9 779 686	1 188 028
Granted	8 120 630	5 474 734	865 988	597 885
Exercised	(1341 060)	(109 960)	(62 299)	(141 246)
Forfeited	(1783 277)	(733 549)	(40 424)	(181 105)
Cancelled	(10 232)	-	-	-
Outstanding at 31 March	23 251 981	13 154 364	10 542 951	1 463 562
Available to be implemented at 31 March	2 920 816	1 897 587	3 632 489	261 121
<b>Weighted average exercise price</b>	<b>(SA rand)</b>	<b>(US\$)</b>	<b>(US\$)</b>	<b>(US\$)</b>
Outstanding at 1 April	112.93	4.56	15.96	41.00
Granted	116.30	6.15	20.45	40.92
Exercised	99.08	4.68	16.57	40.03
Forfeited	116.13	4.40	18.10	41.55
Cancelled	116.30	-	-	-
Outstanding at 31 March	114.66	5.23	16.32	40.99
Available to be implemented at 31 March	103.96	4.35	15.78	41.09
<b>Weighted average share price of options taken up during the year</b>				
Shares	1 341 060	109 960	62 299	141 246
Weighted average share price	116.30	6.15	23.36	40.92



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 43. EQUITY COMPENSATION BENEFITS (continued)

Share option allocations outstanding and currently available to be implemented at 31 March 2018 by exercise price for the group's significant share incentive plans:

Exercise prices	Share options outstanding			Share options currently available	
	Number outstanding at 31 March 2018	Weighted average remaining contractual life (years)	Weighted average exercise price	Exercisable at 31 March 2018	Weighted average exercise price
<b>Naspers (SA rand)</b>					
171.31 to 174.77	7 190	0.27	171.56	7 190	171.56
248.87 to 285.87	10 774	2.06	266.44	10 774	266.44
303.87 to 362.22	29 856	3.46	348.54	29 856	348.54
434.70 to 482.57	25 486	4.31	449.15	25 486	449.15
767.87 to 886.67	15 844	5.40	855.90	10 326	855.90
1 302.87 to 1 678.03	53 991	6.62	1 465.87	16 543	1 465.87
1 700.51 to 2 068.87	22 424	7.58	1 761.57	-	-
2 419.87 to 2 945.87	38 615	8.94	2 697.00	-	-
3 809.00 to 3 809.00	668	9.67	3 809.00	-	-
	<b>204 848</b>			<b>100 175</b>	
<b>MIH Holdings (SA rand)</b>					
174.79 to 248.89	17 397	1.05	219.74	17 397	219.74
301.94 to 377.31	37 286	2.85	337.63	37 286	337.63
420.89 to 482.59	69 710	4.30	448.89	69 710	448.89
546.89 to 886.69	58 066	5.32	807.58	29 294	807.58
1 152.89 to 1 477.88	91 060	6.30	1 305.90	37 113	1 305.90
1 700.53 to 1 818.88	82 116	7.47	1 737.90	2 426	1 723.02
2 037.86 to 2 429.53	80 139	8.41	2 379.27	1 369	2 067.89
2 945.89 to 3 319.99	61 074	9.43	2 955.12	-	-
3 531.62 to 3 809.00	3 651	9.67	3 709.47	-	-
	<b>500 499</b>			<b>194 595</b>	
<b>MIH Services (SA rand)</b>					
151.89 to 290.45	258 333	1.00	171.58	258 333	171.58
301.94 to 377.31	88 313	3.13	335.22	88 313	335.22
434.72 to 767.89	196 284	4.63	547.50	179 098	547.50
886.69 to 1 152.89	885 758	5.98	1 145.88	587 242	1 145.44
1 302.89 to 1 740.85	206 249	6.97	1 569.18	35 274	1 569.18
1 817.89 to 1 992.89	55 064	7.96	1 875.52	-	-
2 037.86 to 2 446.53	244 963	8.33	2 250.27	-	-
2 861.73 to 3 809.00	250 044	9.43	2 945.65	-	-
	<b>2 185 008</b>			<b>1 148 260</b>	



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 43. EQUITY COMPENSATION BENEFITS (continued)

Share appreciation rights allocations outstanding and currently available to be implemented at 31 March 2018 by exercise price for the group's significant share incentive plans:

Exercise prices	SARs outstanding			SARs currently available	
	Number outstanding at 31 March 2018	Weighted average remaining contractual life (years)	Weighted average exercise price	Exercisable at 31 March 2018	Weighted average exercise price
<b>MultiChoice 2008 (SA rand)</b>					
69.31 to 103.23	9 871 819	7.96	95.42	2 446 560	95.42
113.19 to 125.60	17 928 788	7.41	116.72	2 884 518	116.72
	27 800 607			5 331 078	
<b>Naspers Global Classifieds (US\$)</b>					
3.54 to 7.64	17 157 432	8.22	5.99	3 929 738	4.80
	17 157 432			3 929 738	
<b>Naspers Global Ecommerce (US\$)</b>					
15.58 to 23.61	10 362 158	6.75	16.32	5 588 826	16.32
27.25 to 28.20	1 518 934	9.39	27.32	-	-
	11 881 092			5 588 826	
<b>Naspers Fintech B.V. (US\$)</b>					
39.10 to 58.44	1 292 869	8.14	44.69	331 547	41.09
	1 292 869			331 547	



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 43. EQUITY COMPENSATION BENEFITS (continued)

Share option and RSU plan grants made during the year relating to the group's significant plans:

	31 March 2018			
	Naspers (SA rand)	Naspers RSU (SA rand)	MIH Holdings (SA rand)	MIH Services (SA rand)
Weighted average fair value at measurement date	927.39	2 694.02	938.42	914.03
This weighted average fair value has been calculated using the Bermudan Binomial option pricing model, using the following inputs and assumptions:				
Weighted average share price	2 973	-	2 993	2 946
Weighted average exercise price	2 973	-	2 993	2 946
Weighted average expected volatility (%)*	26.4%	-	26.5%	26.2%
Weighted average option life (years)	10.0	4.0	10.0	10.0
Weighted average dividend yield (%)	0.2%	0.2%	0.2%	0.2%
Weighted average risk-free interest rate (%) (based on zero rate bond yield at perfect fit)	7.9%	-	7.9%	7.9%
Weighted average annual suboptimal rate (%)	318%	-	318%	318%
Weighted average vesting period (years)	2.5	2.5	2.5	2.5

\* The weighted average expected volatility of all share options listed above is determined using historical daily share prices.

Various early exercise expectations were calculated based on historical exercise behaviours.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 43. EQUITY COMPENSATION BENEFITS (continued)

Share option and RSU plan grants made during the year relating to the group's significant plans:

	31 March 2017			
	Naspers (SA rand)	Naspers RSU (SA rand)	MIH Holdings (SA rand)	MIH Services (SA rand)
Weighted average fair value at measurement date	964.32	2 305.32	1 010.64	960.82
This weighted average fair value has been calculated using the Bermudan Binomial option pricing model, using the following inputs and assumptions:				
Weighted average share price	2 286	-	2 388	2 235
Weighted average exercise price	2 286	-	2 388	2 235
Weighted average expected volatility (%)*	30.7%	-	30.9%	32.3%
Weighted average option life (years)	10.0	2.0	10.0	10.0
Weighted average dividend yield (%)	0.3%	0.3%	0.3%	0.3%
Weighted average risk-free interest rate (%) (based on zero rate bond yield at perfect fit)	8.5%	-	8.5%	8.4%
Weighted average annual suboptimal rate (%)	316%	-	316%	316%
Weighted average vesting period (years)	4.0	2.5	4.0	4.0

\* The weighted average expected volatility of all share options listed above is determined using historical daily share prices.

Various early exercise expectations were calculated based on historical exercise behaviours.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 43. EQUITY COMPENSATION BENEFITS (continued)

Share appreciation rights plan grants made during the year relating to the group's significant plans:

	31 March 2018			
	MultiChoice 2008 (SA rand)	Naspers Global Classifieds (US\$)	Naspers Global Ecommerce (US\$)	Naspers Fintech B.V. (US\$)
<b>31 March 2018</b>				
Weighted average fair value at measurement date	39.70	2.11	6.77	17.40
This weighted average fair value has been calculated using the Bermudan Binomial option pricing model, using the following inputs and assumptions:				
Weighted average SAR price	94.39	7.62	27.19	58.44
Weighted average exercise price	94.39	7.62	27.19	58.44
Weighted average expected volatility (%)*	21.7%	23.8%	20.7%	26.4%
Weighted average option life (years)	10.0	10.0	10.0	10.0
Weighted average risk-free interest rate (%) (based on zero rate bond yield at perfect fit)	8.0%	-	-	2.2%
Weighted average annual suboptimal rate (%)	100.0%	100.0%	100.0%	100.0%
Weighted average vesting period (years)	4.0	3.0	3.0	3.0
<b>31 March 2017</b>				
Weighted average fair value at measurement date	45.14	1.93	6.23	12.57
This weighted average fair value has been calculated using the Bermudan Binomial option pricing model, using the following inputs and assumptions:				
Weighted average SAR price	116.30	6.15	20.45	40.92
Weighted average exercise price	116.30	6.15	20.45	40.92
Weighted average expected volatility (%)*	21.8%	29.8%	28.7%	28.2%
Weighted average option life (years)	10.0	10.0	10.0	10.0
Weighted average risk-free interest rate (%) (based on zero rate bond yield at perfect fit)	8.5%	1.5%	1.4%	1.8%
Weighted average annual suboptimal rate (%)	228.0%	100.0%	100.0%	100.0%
Weighted average vesting period (years)	4.0	3.0	3.0	3.0

\* The weighted average expected volatility of all share options listed above is determined using historical daily share prices except for the MultiChoice 2008 plan where historical annual company valuations are used.

Various early exercise expectations were calculated based on historical exercise behaviours.



# Notes to the consolidated annual financial statements (continued)

for the year ended 31 March 2018

## 43. EQUITY COMPENSATION BENEFITS (continued)

### Liabilities arising from share-based payment transactions

The following liabilities have been recognised in the statement of financial position relating to the group's cash-settled share-based payment obligations:

	31 March	
	2018 US\$'m	2017 US\$'m
<b>Share-based payment liability</b>		
Total carrying amount of cash-settled share-based payment liability	40	-
Current portion of share-based payment liability	( 40)	-
<b>Non-current portion of share-based payment liability</b>	-	-

The group reclassified a share-based payment with the classifieds segment from equity-settled to cash-settled during the current period. The liability is presented within accrued expenses and other current liabilities. Refer to note 25.



# ***Company annual financial statements for the year ended 31 March 2018***

These company annual financial statements are presented in SA rand which is the company's functional and presentation currency.





# Company statement of financial position

as at 31 March 2018

	Notes	31 March	
		2018 R'm	2017 R'm
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>73 237</b>	71 722
Investments in subsidiaries	2	6 953	6 530
Loans to subsidiaries	3	66 282	65 186
Property, plant and equipment	4	2	2
Deferred taxation	6	-	4
<b>Current assets</b>		<b>44</b>	2 846
Other receivables	7	2	3
Related party receivables	7	-	3
Taxation receivable		10	9
Cash and cash equivalents	17	32	2 831
<b>TOTAL ASSETS</b>		<b>73 281</b>	74 568
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' equity</b>		<b>71 889</b>	74 513
Share capital and premium	8	66 745	65 653
Other reserves		1 305	1 308
Retained earnings		3 839	7 552
<b>Non-current liabilities</b>		<b>5</b>	3
Post-employment medical liability	9	4	3
Other non-current liabilities		1	-
<b>Current liabilities</b>		<b>1 387</b>	52
Amounts owing in respect of investments acquired	10	10	10
Accrued expenses and other current liabilities	11	25	27
Related party payables	7	1 335	-
Dividends payable		17	15
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>73 281</b>	74 568

The accompanying notes are an integral part of these company annual financial statements.



# Company statement of comprehensive income

for the year ended 31 March 2018

		<b>31 March</b>	
	Notes	<b>2018</b>	2017
		<b>R'm</b>	<b>R'm</b>
<b>Revenue</b>	12	<b>52</b>	66
Selling, general and administration expenses	13	<b>( 262)</b>	( 218)
<b>Operating loss</b>		<b>( 210)</b>	( 152)
Interest received	14	<b>85</b>	204
Interest paid	14	<b>( 21)</b>	-
Other finance (costs)/income - net	14	<b>( 1)</b>	( 3)
Loss on acquisitions and disposals	15	<b>( 94)</b>	-
<b>(Loss)/profit before taxation</b>		<b>( 241)</b>	49
Taxation	15	<b>( 4)</b>	( 31)
<b>(Loss)/profit for the year</b>		<b>( 245)</b>	18
<b>Other comprehensive income</b>		<b>-</b>	-
<b>Total comprehensive income for the year</b>		<b>( 245)</b>	18

The accompanying notes are an integral part of these company annual financial statements.



# Company statement of changes in equity

for the year ended 31 March 2018

	Share capital and premium		Share-based compensation reserve	Valuation reserve	Retained earnings	Total
	A shares R'm	N shares R'm	R'm	R'm	R'm	R'm
Balance at 1 April 2016	18	64 835	670	1 296	9 148	75 967
Total comprehensive income for the year	-	-	-	-	18	18
Share capital issued	-	789	-	-	-	789
Treasury share movement	-	11	-	-	-	11
Share-based compensation reserve movement	-	-	6	-	-	6
Transfers to non-distributable reserves	-	-	( 664)	-	664	-
Dividends	-	-	-	-	(2 278)	(2 278)
Balance at 31 March 2017	18	65 635	12	1 296	7 552	74 513
Balance at 1 April 2017	<b>18</b>	<b>65 635</b>	<b>12</b>	<b>1 296</b>	<b>7 552</b>	<b>74 513</b>
Total comprehensive loss for the year	-	-	-	-	( 245)	( 245)
Share capital issued	-	1 138	-	-	-	1 138
Treasury share movement	-	( 46)	-	-	-	( 46)
Share-based compensation reserve movement	-	-	5	-	-	5
Transfers to non-distributable reserves	-	-	( 8)	-	8	-
Dividends	-	-	-	-	(3 476)	(3 476)
Balance at 31 March 2018	<b>18</b>	<b>66 727</b>	<b>9</b>	<b>1 296</b>	<b>3 839</b>	<b>71 889</b>

The accompanying notes are an integral part of these company annual financial statements.



# Company statement of cash flows

for the year ended 31 March 2018

		<b>31 March</b>	
	Notes	<b>2018</b>	2017
		<b>R'm</b>	<b>R'm</b>
<b>Cash flows from operating activities</b>			
Cash utilised in operations	16	( 206)	( 191)
Finance income		85	204
Finance costs		( 21)	-
Dividends received		1	33
Taxation paid		( 1)	( 19)
<b>Net cash (utilised in)/generated from operating activities</b>		<b>( 142)</b>	<b>27</b>
<b>Cash flows from investing activities</b>			
Loans repaid by subsidiaries		1 275	1 734
<b>Net cash generated from investing activities</b>		<b>1 275</b>	<b>1 734</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital		51	12
Additional investment in subsidiary		(1 439)	-
Dividends paid		(2 541)	(2 259)
<b>Net cash utilised in financing activities</b>		<b>(3 929)</b>	<b>(2 247)</b>
Net decrease in cash and cash equivalents		(2 796)	( 486)
Foreign exchange translation adjustments on cash and cash equivalents		( 3)	( 3)
Cash and cash equivalents at the beginning of the year		2 831	3 320
<b>Cash and cash equivalents at the end of the year</b>	17	<b>32</b>	<b>2 831</b>

The accompanying notes are an integral part of these company annual financial statements.



# Notes to the company annual financial statements

for the year ended 31 March 2018

## 1. PRINCIPAL ACCOUNTING POLICIES

The annual financial statements of the company are presented in accordance with, and comply with, International Financial Reporting Standards (IFRS) and interpretations of those standards as issued by the International Accounting Standards Board (IASB) and effective at the time of preparing these financial statements, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council and the Companies Act No 71 of 2008. The accounting policies of the company are the same as those of the group, where applicable (refer to note 2 of the consolidated annual financial statements).

Investments in subsidiaries are accounted for at cost less accumulated impairment losses in the company's separate annual financial statements. Cost is adjusted to reflect changes in consideration arising from contingent consideration arrangements and includes the directly attributable costs of acquiring investments.

Revenue comprises interest earned from loans granted to subsidiaries and dividends received from subsidiaries.

## 2. INVESTMENTS IN SUBSIDIARIES

The following information relates to Naspers Limited's direct interest in its significant subsidiaries:

The following information relates to Naspers Limited's direct interest in its significant subsidiaries:							
Name of subsidiary	Functional currency	Effective percentage interest*		Direct investment in shares		Nature of business	Country of incorporation
		2018 %	2017 %	2018 R'm	2017 R'm		
<b>Unlisted companies</b>							
Media24 Holdings Proprietary Limited	SA rand	85.0	85.0	1 501	1 078	Investment holding	South Africa
Heemstede Beleggings Proprietary Limited	SA rand	100.0	100.0	-	-	Investment holding	South Africa
MIH Holdings Proprietary Limited	SA rand	100.0	100.0	5 452	5 452	Investment holding	South Africa
Naspers Properties Proprietary Limited	SA rand	100.0	100.0	-	-	Property holding and services	South Africa
Intelprop Proprietary Limited	SA rand	100.0	100.0	-	-	Investment holding	South Africa
				6 953	6 530		

\* The percentage interest shown is the effective financial interest, after adjusting for the interest of any equity compensation plans treated as treasury shares.



# Notes to the company annual financial statements (continued)

for the year ended 31 March 2018

## 3. LOANS TO SUBSIDIARIES

	31 March	
	2018 R'm	2017 R'm
<b>Loans to subsidiaries</b>		
Media24 Holdings Proprietary Limited group	487	451
MIH Holdings Proprietary Limited group	65 441	64 393
Naspers Properties Proprietary Limited	354	342
	<b>66 282</b>	65 186

The loans to subsidiary companies do not have any fixed repayment terms. All the loans to subsidiary companies at 31 March 2018 are interest free, except for R180.0m (2017: R180.0m) of the Naspers Properties Proprietary Limited loan account bearing interest at a rate of prime less 2% (2017: prime less 2%).

Loans to subsidiaries, which are interest-free, are seen as a long-term source of additional capital, and are seen as part of the interest in subsidiaries, which is carried at cost.

## 4. PROPERTY, PLANT AND EQUIPMENT

	31 March		
	Office equipment R'm	Total 2018 R'm	Total 2017 R'm
<b>Cost</b>			
Opening balance	4	4	3
Acquisitions	-	-	1
<b>Closing balance</b>	<b>4</b>	<b>4</b>	<b>4</b>
<b>Accumulated depreciation</b>			
Opening balance	( 2)	( 2)	( 1)
Depreciation	-	-	( 1)
<b>Closing balance</b>	<b>( 2)</b>	<b>( 2)</b>	<b>( 2)</b>
Cost	4	4	4
Accumulated depreciation and impairment	( 2)	( 2)	( 2)
<b>Carrying value</b>	<b>2</b>	<b>2</b>	<b>2</b>



# Notes to the company annual financial statements (continued)

for the year ended 31 March 2018

## 5. RELATED PARTY TRANSACTIONS AND BALANCES

For details on related party loans, interest and dividends received refer to notes 3 and 12.

	31 March	
	2018 R'm	2017 R'm
<b>Related party receivables</b>		
MIH China (BVI) Limited	-	3
<b>Balance at 31 March</b>	-	3
<b>Related party payables</b>		
MIH Treasury Services Proprietary Limited	(1 334)	-
Media24 Proprietary Limited	(1)	-
<b>Balance at 31 March</b>	(1 335)	-
	2018 R'000	2017 R'000
<b>Directors' emoluments</b>		
<b>Executive directors</b>		
Paid by other companies in the group	86 204	85 233
<b>Non-executive directors</b>		
Fees for services as directors	53 287	50 742
Fees for services as directors of subsidiary companies	11 413	11 365
	<b>150 904</b>	<b>147 340</b>

Refer to note 17 of the consolidated annual financial statements for disclosure on executive and non-executive directors' remuneration.

## 6. DEFERRED TAXATION

	31 March	
	2018 R'm	2017 R'm
<b>Deferred taxation assets</b>		
Provisions and other current liabilities	-	4
<b>Balance at 31 March</b>	-	4

## 7. OTHER RECEIVABLES

	2018 R'm	2017 R'm
Prepaid expenses	2	2
Other	-	1
<b>Balance at 31 March</b>	<b>2</b>	<b>3</b>



# Notes to the company annual financial statements (continued)

for the year ended 31 March 2018

## 8. SHARE CAPITAL AND PREMIUM

	31 March	
	2018 R'm	2017 R'm
<b>Authorised</b>		
1 250 000 A ordinary shares of R20 each	25	25
500 000 000 N ordinary shares of 2 cents each	10	10
	35	35
<b>Issued</b>		
907 128 A ordinary shares of R20 each (2017: 907 128)	18	18
438 656 059 N ordinary shares of 2 SA cents each (2017: 438 265 253)	9	9
<b>Share capital</b>	27	27
<b>Share premium</b>	66 537	65 399
<b>Share capital and premium</b>	66 564	65 426
Cumulative effect of treasury shares used in equity compensation plans <sup>(1)</sup>	181	227
	66 745	65 653

<sup>(1)</sup> Refers to the cumulative net effect on share premium of treasury shares held at cost and gains and losses arising on vesting of equity compensation awards.

	2018 Number of N shares	2017 Number of N shares
<b>Movement in N ordinary shares in issue during the year</b>		
Shares in issue at 1 April	438 265 253	437 920 115
Shares issued to share incentive trusts and group companies	390 806	345 138
<b>Shares in issue at 31 March</b>	438 656 059	438 265 253
<b>Movement in N ordinary shares held as treasury shares during the year</b>		
Shares held as treasury shares at 1 April	225 914	264 480
Shares issued to the Naspers equity compensation plan	20 000	5 000
Shares acquired by participants from the Naspers equity compensation plan	(27 050)	(43 566)
<b>Shares held as treasury shares at 31 March</b>	218 864	225 914
	2018 R'm	2017 R'm
<b>Share premium</b>		
Balance at 1 April	65 399	64 610
Share premium on share issues	1 138	789
<b>Balance at 31 March</b>	66 537	65 399





# Notes to the company annual financial statements (continued)

for the year ended 31 March 2018

## 8. SHARE CAPITAL AND PREMIUM (continued)

### Voting and dividend rights

The A ordinary shareholders are entitled to 1 000 votes per share. In terms of the Naspers memorandum of incorporation, both N and A ordinary shareholders are entitled to nominal dividends, however, the dividends declared to A ordinary shareholders are equal to one-fifth of the dividends to which N ordinary shareholders are entitled. In respect of all other rights, the A ordinary shares rank pari passu with the N ordinary shares of the company.

### Capital management, unissued shares and valuation reserve

Refer to notes 18 and 19 of the consolidated annual financial statements for the group's capital management policy and more details regarding the nature of the valuation reserve.

## 9. POST-EMPLOYMENT MEDICAL LIABILITY

The company operates a post-employment medical benefit scheme. The obligation of the company to pay medical aid contributions after retirement is no longer part of the conditions of employment for new employees. A number of pensioners, however, remain entitled to this benefit. The company provides for post-employment medical aid benefits on the accrual basis determined each year by an independent actuary.

	31 March	
	2018 R'm	2017 R'm
Balance at 1 April	3	2
Provisions charged to statement of comprehensive income	1	1
	4	3

## 10. AMOUNTS OWING IN RESPECT OF INVESTMENTS ACQUIRED

On 24 March 2004 the last conditions precedent relating to schemes of arrangement under section 311 of the old South African Companies Act, 1973, were satisfied, in terms of which Naspers Limited acquired an additional 19.62% financial interest in Electronic Media Network Proprietary Limited and SuperSport International Holdings Proprietary Limited respectively (which was sold to MultiChoice Africa Proprietary Limited during 2005). An amount of R816m was due to the non-controlling shareholders on 31 March 2004. Some of these non-controlling shareholders have not surrendered their share certificates and claimed payment for their shares, therefore an amount of R10.0m was still outstanding as at 31 March 2018 (2017: R10.0m).

## 11. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	31 March	
	2018 R'm	2017 R'm
Accrued expenses	17	20
Bonus accrual	4	5
Other current liabilities	4	2
	25	27



# Notes to the company annual financial statements (continued)

for the year ended 31 March 2018

## 12. REVENUE

	31 March	
	2018 R'm	2017 R'm
<b>Dividends received</b>		
Media24 Holdings Proprietary Limited	36	33
Intelprop Proprietary Limited	-	18
<b>Interest received</b>		
Naspers Properties Proprietary Limited	15	15
Media24 Proprietary Limited	1	-
	<b>52</b>	<b>66</b>

## 13. EXPENSES BY NATURE

Selling, general and administrative expenses include the following items:

<b>Staff costs</b>		
As at 31 March 2018, the company had 18 (2017: 17) permanent employees. The total cost of employment of all employees, was as follows:		
Salaries, wages and bonuses, retirement benefit costs, medical aid fund contributions, post-employment benefits, UIF, SDL and training costs	33	23
Share-based compensation expenses	7	7
<b>Total staff costs</b>	<b>40</b>	<b>30</b>
<b>Fees paid to non-employees for administration, management and technical services</b>	<b>24</b>	<b>28</b>
<b>Auditor's remuneration</b>		
Audit fees	1	1
	<b>1</b>	<b>1</b>

## 14. FINANCE COSTS/(INCOME) - NET

<b>Interest paid</b>		
Loans and overdrafts	20	-
Other	1	-
	<b>21</b>	<b>-</b>
<b>Interest received</b>		
Loans and bank accounts	( 85)	( 203)
Other	-	( 1)
	<b>( 85)</b>	<b>( 204)</b>
<b>Net loss from foreign exchange translation of derivative financial instruments</b>		
On translation of assets and liabilities	1	3
<b>Other finance costs/(income) - net</b>	<b>1</b>	<b>3</b>
<b>Finance costs/(income) - net</b>	<b>( 63)</b>	<b>( 201)</b>



# Notes to the company annual financial statements (continued)

for the year ended 31 March 2018

## 15. TAXATION

	31 March	
	2018 R'm	2017 R'm
Normal taxation	-	30
current year	-	30
Deferred taxation	4	1
current year	4	1
<b>Income tax expense per statement of comprehensive income</b>	<b>4</b>	<b>31</b>
<b>Reconciliation of taxation</b>		
Taxation at statutory rate of 28% (2017: 28%)	( 68)	14
Adjusted for:		
non-deductible expenses <sup>(1)</sup>	70	32
unprovided timing differences	12	-
non-taxable income <sup>(1)</sup>	( 10)	( 16)
other taxes	-	1
<b>Income tax expense per statement of comprehensive income</b>	<b>4</b>	<b>31</b>

<sup>(1)</sup> Non-deductible expenses relate primarily to donations made and expenses incurred that are not in the production of taxable income. Non-taxable income relates to dividend income.

## 16. CASH UTILISED IN OPERATIONS

	31 March	
	2018 R'm	2017 R'm
(Loss)/profit before tax per statement of comprehensive income	( 241)	49
Adjustments:		
Non-cash and other	( 23)	( 252)
Finance (income)/costs - net	( 79)	( 216)
Dividends received	( 36)	( 51)
Share-based compensation expenses	7	7
Loss on acquisitions and disposals	85	-
Other	-	8
Working capital	58	12
Cash movement in payables, provisions and accruals	58	12
<b>Cash utilised in operations</b>	<b>( 206)</b>	<b>( 191)</b>

## 17. CASH AND CASH EQUIVALENTS

Cash at bank and on hand	32	428
Short-term bank deposits	-	2 403
	<b>32</b>	<b>2 831</b>



# Notes to the company annual financial statements (continued)

for the year ended 31 March 2018

## 18. FINANCIAL RISK MANAGEMENT

### Foreign exchange risk

Refer to note 40 of the consolidated annual financial statements for the group's foreign exchange risks policy.

### Foreign currency sensitivity analysis

The company's presentation currency is the South African rand, but as it operates internationally, it is exposed to the US dollar and the euro.

The sensitivity analysis below details the company's sensitivity to a 10% decrease (2017: 10% decrease) in the rand against the US dollar and the euro. These percentage decreases represent management's assessment of the possible changes in the foreign exchange rates at the respective year-ends. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period-end for the above percentage change in foreign currency rates.

A 10% decrease (2017: 10% decrease) of the rand against the US dollar and the euro would result in a increase in net profit after tax of R1.7m (2017: R2.0m increase in net profit after tax).

### Credit risk

Refer to note 40 of the consolidated annual financial statements for the group's credit risks.

The company has guaranteed various revolving credit facilities of R31.0bn (2017: R33.6bn) and offshore bonds of R40.3bn (2017: R38.9bn) in MIH B.V. of which the undrawn balance is available to fund future investments. The guarantees have also been disclosed as part of the company's liquidity risk below. The maximum potential exposure to credit risk under financial guarantee contracts amounts to R71.3bn (2017: R72.5bn). Refer to note 18 for details regarding the group's capital management policies.

	Carrying value R'm	Contractual cash flows R'm	0 - 12 months R'm
<b>31 March 2018</b>			
<b>Non-derivative financial liabilities</b>			
Amount owing in respect of investments acquired	10	( 10)	( 10)
Accrued expenses and other current liabilities	18	( 18)	( 18)
Related party payables	1 335	(1 335)	(1 335)
Dividends payable	17	( 17)	( 17)
Financial guarantees	-	(71 276)	(71 276)
<b>31 March 2017</b>			
<b>Non-derivative financial liabilities</b>			
Amount owing in respect of investments acquired	10	( 10)	( 10)
Accrued expenses and other current liabilities	22	( 22)	( 22)
Dividends payable	15	( 15)	( 15)
Financial guarantees	-	(72 493)	(72 493)



# Notes to the company annual financial statements (continued)

for the year ended 31 March 2018

## 18. FINANCIAL RISK MANAGEMENT (continued)

### Interest rate risk

Refer to note 40 of the consolidated annual financial statements for the group's interest rate risks policy.

### Interest rate sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for both derivative and non-derivative instruments at the statement of financial position date and the stipulated change taking place at the beginning of the next financial year and held constant throughout the reporting period in the case of instruments that have floating rates. The company is mainly exposed to interest rate fluctuations of the South African, American and European repo rates. The following changes in the repo rates represent management's assessment of the possible change in interest rates at the respective year-ends:

South African repo rate: increases by 100 basis points (2017: increases by 100 basis points)

American, European and London Interbank rates: increases by 100 basis points each (2017: increases by 100 basis points each).

If interest rates change as stipulated above and all other variables were held constant, specifically foreign exchange rates, the company's profit after tax for the year ended 31 March 2018 would increase by R11.1m (2017: increase by R21.6m).

## 19. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values, net gains or losses recognised in profit and loss, total interest income, total interest expense and impairment per class of financial instrument are as follows:

	31 March 2018		
	Carrying value R'm	Net gains/(losses) recognised in profit or loss R'm	Total interest/finance income/(cost) R'm
<b>Assets</b>			
Loans to subsidiaries	66 282	-	16
Cash and cash equivalents	32	( 3)	85
<b>Total</b>	<b>66 314</b>	<b>( 3)</b>	<b>101</b>
<b>Liabilities</b>			
Amounts owing in respect of investments acquired	10	-	-
Accrued expenses and other current liabilities	18	2	( 20)
Related party payables	1 335	-	-
Dividends payable	17	-	-
<b>Total</b>	<b>1 380</b>	<b>2</b>	<b>( 20)</b>



# Notes to the company annual financial statements (continued)

for the year ended 31 March 2018

## 19. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The carrying values, net gains or losses recognised in profit or loss, total interest income, total interest expense and impairment of each class of financial instrument are as follows:

	31 March 2017		
	Carrying value R'm	Net losses recognised in profit or loss R'm	Total interest/ finance income R'm
<b>Assets</b>			
Loans to subsidiaries	65 186	-	15
Other receivables	3	-	-
Related party receivables	3	-	-
Cash and cash equivalents	2 831	( 3)	203
<b>Total</b>	<b>68 023</b>	<b>( 3)</b>	<b>218</b>
<b>Liabilities</b>			
Amounts owing in respect of investments acquired	10	-	-
Accrued expenses and other current liabilities	22	-	-
Dividends payable	15	-	-
<b>Total</b>	<b>47</b>	<b>-</b>	<b>-</b>

The carrying amounts of all financial instruments disclosed above, except loans to subsidiaries, are considered to be a reasonable approximation of their fair values. Loans to subsidiaries are carried at cost. Refer to note 3.

Refer to note 41 of the consolidated annual financial statements for details regarding the calculation of the fair values of financial instruments.

## 20. EQUITY COMPENSATION BENEFITS

Refer to note 43 of the consolidated annual financial statements for details regarding the Naspers Limited share incentive plan.



## Administration and corporate information

### GROUP SECRETARY

G Kisbey-Green  
144 Bram Fischer Drive  
Randburg 2194  
South Africa

### REGISTERED OFFICE

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South Africa  
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Cape Town 8000  
South Africa  
Tel: +27 (0)21 406 2121  
Fax: +27 (0)21 406 3753

### REGISTRATION NUMBER

1925/001431/06  
Incorporated in South Africa

### AUDITOR

PricewaterhouseCoopers Inc.

### TRANSFER SECRETARIES

Link Market Services South Africa Proprietary Limited  
(Registration number: 2000/007239/07)  
PO Box 4844, Johannesburg 2000  
South Africa  
Tel: +27 (0)11 630 0800  
Fax: +27 (0)11 834 4398

### ADR PROGRAMME

Bank of New York Mellon maintains a Global BuyDIRECT<sup>SM</sup> plan for Naspers Limited  
For additional information, please visit  
Bank of New York Mellon's website at  
[www.globalbuydirect.com](http://www.globalbuydirect.com)  
or call Shareholder Relations at  
1-888-BNY-ADRS  
or 1-800-345-1612 or write to:  
Bank of New York Mellon  
Shareholder Relations Department –  
Global BuyDIRECT<sup>SM</sup>  
Church Street Station  
PO Box 11258, New York, NY 10286-1258, USA

### SPONSOR

Investec Bank Limited  
(Registration number: 1969/004763/06)  
PO Box 785700, Sandton 2146  
South Africa  
Tel: +27 (0)11 286 7326  
Fax: +27 (0)11 286 9986

### ATTORNEYS

Werksmans  
PO Box 1474, Cape Town 8000  
South Africa

Webber Wentzel (in alliance with Linklaters)  
PO Box 61771  
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### INVESTOR RELATIONS

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# Analysis of shareholders and shareholders' diary

for the year ended 31 March 2018

## ANALYSIS OF SHAREHOLDERS

Size of holdings	Number of shareholders	Number of shares owned
1 – 100 shares	59 299	2 025 926
101 – 1 000 shares	23 707	7 291 763
1 001 – 5 000 shares	3 243	7 011 763
5 001 – 10 000 shares	678	4 824 245
More than 10 000 shares	1 460	417 502 362

The following shareholders hold 5% and more of the N ordinary issued share capital of the company:

Name	% held	Number of N ordinary shares owned
Public Investment Corporation of South Africa	13.72%	60 201 787

## PUBLIC SHAREHOLDER SPREAD

To the best knowledge of the directors, the spread of public shareholders in terms of paragraph 4.25 of the JSE Limited Listings Requirements at 31 March 2018 was 97.01%, represented by 88 376 shareholders holding 425 576 963 N ordinary shares in the company. The non-public shareholders of the company comprising 11 shareholders representing 13 079 096 N ordinary shares are analysed as follows:

Category	Number of N ordinary shares	% of N ordinary issued share capital
Naspers share-based incentive schemes	3 097 876	0.72%
Directors	6 533 894	1.49%
Group companies	3 432 326	0.78%

## SHAREHOLDERS' DIARY

<b>Annual general meeting</b>	August
<b>Reports</b>	
Interim for half-year to September	November
Announcement of annual results	June
Annual financial statements	July
<b>Dividend</b>	
Declaration	August
Payment	September
<b>Financial year-end</b>	March





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...today...

*Naspers is a unique and exciting technology operator and investor. We back entrepreneurs to build digital technology platforms that improve the lives of hundreds of millions of people around the world.*

GROUP REVENUES GREW

**39%**<sup>(1)</sup>

to US\$20.1bn<sup>(2)</sup>

CLASSIFIEDS

(excluding letgo)

became profitable during the year, contributing to group trading profit

TRADING PROFIT GREW

**52%**<sup>(1)</sup>

to US\$3.4bn<sup>(2)</sup>

STRENGTHENED OUR POSITION

in online food-delivery services by investing a combined US\$1.4bn in Delivery Hero and Swiggy

CORE HEADLINE EARNINGS WAS UP

**72%**

at US\$2.5bn

VIDEO ENTERTAINMENT (South Africa)

contributed steady revenue and trading profit growth

**79%**<sup>(2)</sup>

of our revenue now comes from our internet and ecommerce activities<sup>(1)</sup>

SOLD A

**2%**

interest in Tencent, to reinforce the balance sheet and pursue growth opportunities, generating proceeds of US\$9.8bn

Notes

<sup>(1)</sup> Growth in local currency, excluding M&A.

<sup>(2)</sup> Presented on an economic-interest basis.





...tomorrow...

*We have been growing our business for a long time. We know that decisions we make today impact our success tomorrow. Our ability to act early on anticipated global changes ultimately determines our future.*

Looking ahead, we are focused on:

1

Scaling our ecommerce businesses (especially classifieds, travel, payments and online food delivery).

2

Transforming our video-entertainment and media businesses for a digital world.

3

Deploying machine learning (ML) and artificial intelligence (AI) across all our businesses.

4

Hunting for the next wave of growth through Naspers Ventures.





...around  
the world

*From Brazil to India, Russia to South Africa – we manage our assets and allocate capital to maximise growth.*

---

We operate in more than

**120**

markets and countries

---

**24 887**

employees

---

**>1.3<sub>bn</sub>**

online users across our markets

**We are a global internet and entertainment group and one of the largest and most successful technology investors in the world. Operating in more than 120 countries and markets with long-term growth potential, we build leading companies that empower people and enrich communities. We run and invest in some of the world's leading digital platforms in internet, video entertainment and media.**

Naspers companies connect people to each other and the wider world, help people improve their daily lives, and entertain audiences with the best of local and global content. Every day, millions of people use the products and services of companies we have invested in, acquired or built, including Avito, Brainly, Codecademy, eMAG, iFood, letgo, Media24, Movile, MultiChoice, OLX, PayU, Showmax, SimilarWeb, Swiggy, Twiggle and Udemy.

Similarly, hundreds of millions of people have made the platforms of our associates a part of their daily lives: Tencent (www.tencent.com; SEHK 00700), Mail.ru (www.corp.mail.ru; LSE: MAIL), MakeMyTrip Limited (www.makemytrip.com; NASDAQ:MMYT) and Delivery Hero (www.deliveryhero.com; Xetra: DHER).

Naspers is listed on the JSE Limited, Johannesburg's stock exchange (NPN.SJ), and has an ADR listing on the London Stock Exchange (LSE: NPSN).

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# About this report

The Naspers integrated annual report assesses our performance for the year to 31 March 2018, focusing on the value we created for our key stakeholders. The aim is to provide a picture of our progress and impact.

## How it all fits together

We manage our business with purpose, with an innovative approach to how we operate, allocate capital, and address key markets and societal trends.

We pursue growth by building companies that empower people and enrich communities.

**The Naspers approach** See page 13

We measure our performance by evaluating how we create value for our key stakeholders, taking account of the six capitals ...



Financial



Human



Manufactured



Intellectual



Social and relationship



Natural

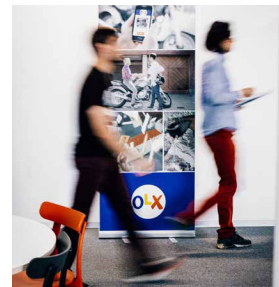
**Our business model** See page 17

... as identified in the Framework of the International Integrated Reporting Council: financial, human, intellectual, manufactured ...



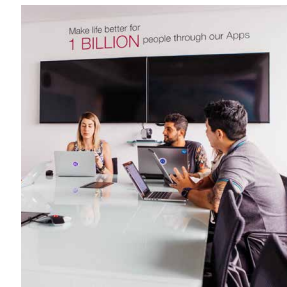
**Stakeholder engagement** See page 20

... social and relationship, and natural capitals, as well as progress against our strategy, and regularly measuring returns on invested capital.



**Value creation** See page 28

We understand the risks we take and manage these to minimise their impact on our business and results. Value creation is the consequence of how we ...



**Risks and opportunities** See page 52

... deliver financial performance (outcomes) and value (outputs) for our stakeholders. This is embedded in our business model (page 17) and integral to the way we think and make decisions.



**Governance** See page 58



## About this report

continued

### Listing information

Naspers has its primary listing on the JSE Limited (the JSE) (NPN.SJ) in South Africa, where it forms part of the Top 10 index and where most of its shares trade. It also has a level 1 American Depository Receipt (ADR) programme listing on the London Stock Exchange (LSE) (NPSN) and trades on an over-the-counter (OTC) basis in the United States. International investors are therefore able to buy and sell Naspers securities through the OTC market, on the LSE or JSE (details on page 4). Naspers's direct wholly owned subsidiary, Myriad International Holdings B.V. (MIH BV), also has three bonds listed on the Irish Stock Exchange (ISE).

### Scope and boundary of reporting

#### Financial and non-financial reporting

The report extends beyond financial reporting. It reflects on non-financial performance, opportunities, risks and outcomes attributable to or associated with key stakeholders, which have a significant influence on our ability to create value.

It includes the financial performance of Naspers Limited and its subsidiaries, joint ventures and associates (the group). The scope of reporting on non-financial performance is indicated in this report. Some South African subsidiaries publish separate integrated reports ([www.multichoice.co.za](http://www.multichoice.co.za) and [www.media24.com](http://www.media24.com)). Group reporting standards are continually being developed to make disclosure meaningful and measurable for stakeholders. Given the highly competitive environment in which the group operates, and the impact of currency volatility on our financial results, this report mostly excludes financial targets or forward-looking statements other than as explained on page 6.

Where relevant, we have adjusted amounts and percentages for the effects of foreign currency, as well as acquisitions and disposals.

Such adjustments (pro forma financial information) are quoted in brackets after the equivalent metrics reported under IFRS. Refer to page 107 of the summarised consolidated annual financial statements for a reconciliation of these metrics with the equivalent amounts reported under IFRS. Financial commentary and segmental reviews are prepared on an economic-interest basis (which includes consolidated subsidiaries and a proportionate share of associated companies and joint ventures), unless otherwise stated.

### The legislation and frameworks that inform our reporting

The integrated annual report was prepared against local and global standards, including:

- Framework of the International Integrated Reporting Council (IIRC): this principles-based approach promotes the concept of the six capitals, which considers material inputs and resources required to create and sustain value in the long term. We describe key components of the Naspers value chain (business model), which creates and sustains value for our stakeholders.
- South African Companies Act 71 of 2008, as amended (the Companies Act).
- King IV™ Report on Corporate Governance for South Africa, 2016 (King IV™).
- International Financial Reporting Standards (IFRS).

### Materiality and material matters

We apply the principle of materiality in assessing what information is to be included in our integrated report. This report focuses particularly on those issues, opportunities and challenges that impact materially on the group, as well as its ability to be a sustainable business that consistently delivers value to all key stakeholders, including our shareholders.

### Forward-looking statements

This report contains forward-looking statements as defined in the United States Private Securities Litigation Reform Act of 1995. Words such as "believe", "anticipate", "intend", "seek", "will", "plan", "could", "may", "endeavour" and similar expressions are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances and should be considered in light of various important factors. While these forward-looking statements represent our judgements and future expectations, a number of risks, uncertainties and other important factors could cause actual developments and results to differ materially from our expectations. The key factors that could cause our actual results performance or achievements to differ materially from those in the forward-looking statements include, among others: changes to IFRS and the interpretations, applications and practices subject thereto as they apply to past, present and future periods; ongoing and future acquisitions; changes to domestic and international business and market conditions such as exchange rate and interest rate movements; changes in the domestic and international regulatory and legislative environments; changes to domestic and international operational, social, economic and political conditions; the occurrence of labour disruptions and industrial action and the effects of both current and future litigation. We are not under any obligation to (and expressly disclaim any such obligation to) revise or update any forward-looking statements contained in this report, whether as a result of new information, future events or otherwise. We cannot give any assurance that forward-looking statements will prove to be correct and investors are cautioned not to place undue reliance on any forward-looking statements contained herein.

### Assurance

Financial information extracted from the audited Naspers Limited consolidated annual financial statements for the year ended 31 March 2018 and presented in this report was audited by PricewaterhouseCoopers Inc. (PwC) (refer to page 93 for the PwC report). PwC also performed specific procedures on the material non-financial information contained in this report. South African broad-based black economic empowerment (BBBEE) information was assured by EmpowerLogic (Naspers, MultiChoice and Media24).

The group has a combined assurance model for internal use. Our combined assurance model is designed and implemented to cover the key risks through a combination of assurance service providers and functions as is appropriate for Naspers.

An overview of combined assurance per key risk is reported for consideration by the joint audit and risk committees.

Our group internal audit and risk support function has all controlled assets in scope. The head of internal audit and risk support reports to the audit committee and presents for its approval an objective-driven, risk-based internal audit plan. Where required, external parties support the internal audit function, such as forensic specialists or data analytics experts. Other external assurance providers are enlisted on an as-needed basis. In our more regulated businesses (like PayU), regulatory inspectors visit on a periodic, ongoing basis.

The audit committee appoints the external auditor; reviews the auditor's independence annually and oversees the external audit. The audit committee makes recommendations to the board in this regard and assists the board in ensuring the integrity of external reports. The annual chief executive/CFO signoff process also covers financial reporting.

## Statement of the board of directors on the integrated annual report

*This report is primarily intended to address the information requirements of long-term investors (our equity shareholders, bondholders and prospective investors). We also present information relevant to the way we create value for other key stakeholders, including our employees, customers, clients, regulators and society.*

*After being reviewed by the audit committee and board, the board approved the integrated annual report. The summarised consolidated annual financial statements were prepared in accordance with IFRS and the Companies Act, while the integrated annual report was prepared using the IIRC framework and the recommendations of King IV™. In our opinion, the integrated annual report and annual financial statements fairly reflect the financial position of the group at 31 March 2018 and its operations for this period.*

On behalf of the board



Koos Bekker  
Chair



Bob van Dijk  
Chief executive

Cape Town  
22 June 2018

# Group overview



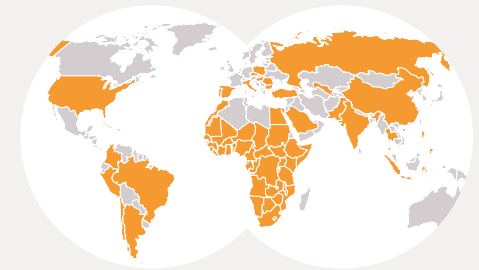


# Group overview

Our principal operations are in internet services, where we have investments in social and internet platforms, but we predominantly focus on ecommerce (especially classifieds, etail, travel, payments and online food delivery), video entertainment and media.

## Market leaders

We are market leaders in many of the businesses and markets where we operate. Our most significant markets are Africa, China, Russia, Central and Eastern Europe, North America, Latin America, India, Southeast Asia and the Middle East.



## Internet

### REVENUE

**US\$15.9bn**  
up 51%<sup>(1)</sup>

### TRADING PROFIT

**US\$3.1bn**  
up 56%<sup>(1)</sup>

### EMPLOYEES

**13 739**

#### Note

<sup>(1)</sup> Presented on an economic-interest basis with growth in local currency, excluding M&A.

We operate internet platforms across a variety of platforms and geographies. We focus on ecommerce, but offer the full range of internet-based services from communication and social networking to entertainment and mobile value-added services.

Our internet operations include:

### Classifieds

Our footprint spreads across 41 markets. Our companies OLX, Avito and letgo have the number-one-ranked mobile classifieds app in more than 22 countries.



Read more on page 34

### Etail

This comprises our etail subsidiaries, eMAG and Takealot and our associate, Flipkart. Operations are spread across Central and Eastern Europe, South Africa and India.



Read more on page 37

### Travel

MakeMyTrip, listed on the NASDAQ, is a leading Indian online travel company. It provides online travel services including flight tickets, domestic and international holiday packages, hotel reservations and bus tickets.



Read more on page 39

### Payments

PayU is one of the largest online payment service platforms in the world, with leading positions in 17 markets across Africa and the Middle East, Central and Eastern Europe, India and Latin America. Included in this segment are the group's fintech and credit associates, Kreditech and Remitly.



Read more on page 35

### Online food delivery

This portfolio consists of online food delivery businesses operating in more than 45 markets globally including iFood, Delivery Hero and Swiggy.



Read more on page 37

### Ventures

Naspers Ventures partners with entrepreneurs to build leading technology companies, with the ambition to fuel the next wave of growth for Naspers. Naspers Ventures provides operational support to help founders solve the challenges they face, including business strategy expertise, operating experience and/or access to on-the-ground resources in key expansion markets.



Read more on page 39

### Social and internet platforms

We also hold investments in listed internet companies: Tencent (31.2%) is China's largest and most-used internet-services platform and Mail.ru Group (28.4%) is the leading internet company in Russian-speaking markets.



Read more on page 40

## Video entertainment

### REVENUE

**US\$3.7bn**  
up 7%<sup>(1)</sup>

### TRADING PROFIT

**US\$369m**  
up 24%<sup>(1)</sup>

### EMPLOYEES

**7 064**

#### Note

<sup>(1)</sup> Growth in local currency, excluding M&A.

Through MultiChoice South Africa and MultiChoice Africa, our video-entertainment division brings entertainment to over 13m subscribing households in 50 countries across sub-Saharan Africa. With limited broadband infrastructure and almost no cable access in Africa, we offer digital satellite (DTH), digital terrestrial (DTT) and online video-entertainment services, including subscription video-on-demand (SVOD) service, Showmax. M-Net provides general entertainment content and SuperSport, the largest funder of sport on the African continent, ensures quality sport content for our customers. Technology provider Irdeto is a world leader in content security, management and delivery.



Read more on page 41

## Media<sup>(1)</sup>

### REVENUE

**US\$374m**  
flat year on year

### TRADING LOSS

**US\$30m**  
increasing 33% year on year<sup>(2)</sup>

### EMPLOYEES

**3 747**

#### Notes

<sup>(1)</sup> All figures exclude Novus.

<sup>(2)</sup> Presented on an economic-interest basis with growth in local currency, excluding M&A.

Media24 is Africa's leading media group with interests in digital media and services, newspapers, magazines, ecommerce, book publishing, print and distribution. It publishes some 30 magazines and 80 newspapers and reaches more than 16m average daily unique browsers across its digital platforms.



Read more on page 45

# Chair's review

*Naspers makes a difference around the world by backing entrepreneurs and new technologies that may transform people's lives for the better. During the past year we added to established businesses, such as classifieds and video entertainment, and advanced into newer areas such as online food delivery and providing financial services to underserved people.*

## Making a positive impact

We run many different businesses across the group, at various stages of their life cycles. A common thread is the impact they have on the lives of people around the world.

We try to focus on creating sustainable, all-round value. We measure the six capitals: financial, human, intellectual, manufacturing, social and relationship, and natural capital.

We summarise our performance against the aims mentioned in this integrated annual report, but allow me to touch on a few examples.

Our fast-growing payments and fintech business, PayU, is helping evolve a borderless world where everyone can transfer money. How? By applying new technology to create quick and easy credit for underbanked people. It could be a life changer.

**We focus on creating sustainable, all-round value. In this spirit of long-term positive impact, we measure and report on the six capitals: financial, human, intellectual, manufacturing, social and relationship, and natural capital.**

Our classifieds business helps to recycle used products, cutting down on the global carbon footprint.

Online food delivery services help people to save time.

Video services help people in remote places stay in contact with the latest happenings anywhere in the world.

Another one that stands out for me is the SuperSport Let's Play initiative. It reaches over a million learners.

## Contributing around the world

The key to our growth is the commitment of many thousands of people inside Naspers. We appreciate your efforts!

We value the effort and considered risk-taking of our executives under Bob van Dijk's lead.

Once again, board members provided valuable guidance and support.

We also recognise the contribution of so many partners and suppliers, as well as collaboration with governmental bodies in numerous countries.

## Ensuring good governance

We are committed to good governance. As a multinational group, our risks differ by jurisdiction. More information is provided in our risk management section on page 52. We aim to conduct the group's business with integrity, applying appropriate corporate governance policies and principles around the world. Where Naspers subsidiaries are governed by independent boards of directors, these apply suitable governance practices and their committees are mandated to comply with relevant requirements. Naspers has a legal compliance programme, detailed on pages 65 and 66.

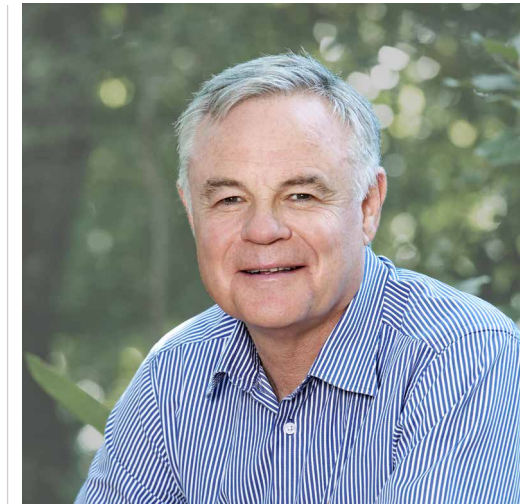
The audit and risk committees of the board also monitor the group's compliance with listings requirements of the JSE Limited (the JSE), London Stock Exchange (LSE) and Irish Stock Exchange (ISE).

The board is informed of subsidiary activities via a disciplined reporting structure. Strategies and business plans for financial and non-financial elements of operations are regularly reviewed. Part of management's remuneration depends on performance against financial and operational targets, and individual and group objectives, linked to strategic objectives.

We continually evaluate areas where governance can be improved. This is detailed in our application of King IV™ in the governance frameworks of Naspers, MultiChoice and Media24 in the full governance report.

## CLASSIFIED BUSINESSES (COUNTRIES)

# 41



*"I love the fact that Naspers keeps reinventing itself. At heart, we are about technology and entrepreneurship."*

## Making it easy for everyone to take on board our code of business ethics and conduct

We know how important it is for everyone across the group to take on board and sign up to our global code of business ethics and conduct. We want to make this as easy and effective as possible. To this end, we have an engaging interactive code of business ethics and conduct course that's available to everyone on our groupwide learning portal, MyAcademy. It is one of a number of training materials readily available via MyAcademy.

The accessible interactive format of the code of business ethics and conduct training, which uses animation and Q&A formats, has proven to be a very popular way to learn about and sign up to our global code of business ethics and conduct.

At Takealot, where they have over 600 employees at two distribution centres, they've taken an inventive and cost-effective approach to making MyAcademy and its online resources available to everyone. At each distribution centre they have converted containers into computer centres for employees. It's an easy onsite way for people who may not have their own internet access to be able to log on and develop their skills.

MyAcademy and its online resources available to everyone



### Board changes

As noted in our last report, Emilie Choi was appointed as an independent non-executive director on 21 April 2017.

Mark Sorour, executive director and group chief investment officer (CIO) of Naspers, retired on 1 April 2018 after two decades. Mark was at the cutting edge of the group's expansion and led some of the biggest transactions for Naspers. What a great career! He will remain on the board as non-executive director and we hope to benefit from his counsel.

# 450 000

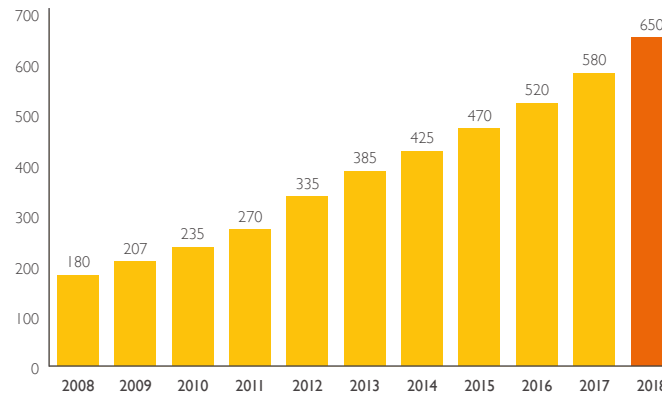
CHILDREN TOOK PART IN THE 2017  
LET'S PLAY SCHOOLS PHYSICAL  
EDUCATION CHALLENGE

PROPOSED ANNUAL GROSS DIVIDEND  
INCREASED BY 12%

# 650 SA cents

PER LISTED N ORDINARY SHARE

### 10-YEAR REVIEW (DIVIDEND PER LISTED N ORDINARY SHARE)



Note  
All figures are in SA cents.

As laid out in our memorandum of incorporation, one third of non-executive directors retire annually. This year Craig Enenstein, Don Eriksson, Hendrik du Toit, Guijun Liu and Roberto Oliveira de Lima retire by rotation but, being eligible, offer themselves for re-election. At the annual general meeting, shareholders will be asked to consider the re-election of these directors (see notice on page 111).

Don Eriksson, Ben van der Ross and Rachel Jafta are members of the audit committee. The board recommends to shareholders that they be reappointed as audit committee members. This is becoming a demanding committee of any board.

In compliance with the Companies Act, shareholders will be asked to consider these proposals at the annual general meeting. Please see directors' curricula vitae on pages 59 and 60.

### Dividend (all figures in South African cents)

The board recommends that the annual gross dividend be increased by 12% to 650 cents (previously 580 cents) per listed N ordinary share, and 130 cents (previously 116 cents) per unlisted A ordinary share.

If confirmed by shareholders at the annual general meeting on Friday 24 August 2018, dividends will be payable to shareholders recorded in the books on Friday 14 September 2018 and paid on Monday 17 September 2018. The last date to trade cum dividend will be on Tuesday 11 September 2018.

(shares trade ex dividend from Wednesday 12 September 2018). Share certificates may not be dematerialised or rematerialised between Wednesday 12 September 2018 and Friday 14 September 2018, both dates inclusive.

The dividend will be declared from income reserves. It will be subject to a dividend tax rate of 20%, yielding a net dividend of 520 cents per listed N ordinary share and 104 cents per unlisted A ordinary share to those shareholders not exempted from paying dividend tax. Dividend tax will be 130 cents per listed N ordinary share and 26 cents per unlisted A ordinary share. The issued ordinary share capital as at 22 June 2018 was 438 656 059 N ordinary shares and 907 128 A ordinary shares. The company's income tax reference number is 9550138714.

### Looking ahead

As this integrated annual report shows, there are positives in past performance, but also risks ahead. Technology moves fast and competition is often brutal.

On behalf of the board I would like to thank everyone helping to grow this exceptional business.

Koos Bekker  
Chair

22 June 2018

# 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.

## Our journey so far

# I

### RESET

- Organised in global segments
- Established an excellent ecommerce team
- Divested low-potential assets

# 2

### ACCELERATE

- Accelerated ecommerce growth
- Consolidated for leadership
- Exited peak-value businesses
- Executed quality growth investments

# 3

### CRYSTALLISE

- Grow ecommerce to profitability
- Develop core segments into US\$5-10+bn businesses
- Plant seeds for longer-term growth

2014–2015

2016–2017

Now

## 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.

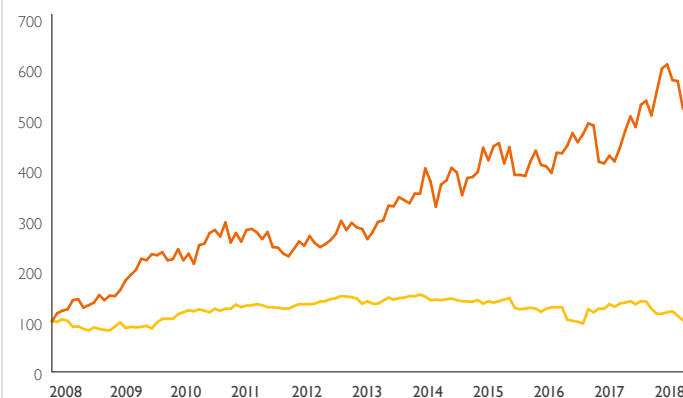
Naspers has not previously sold any Tencent shares since it invested in 2001. We consider Tencent to be one of the very best growth enterprises in any

### Our journey so far

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

● Naspers market cap vs Nasdaq index (in US\$)

● 100% of S&P 1500 from cable and satellite, broadcasting and publishing sub-indexes



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

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.

TOTAL VIDEO-ENTERTAINMENT SUBSCRIBERS ACROSS AFRICA (HOUSEHOLDS)

>13m

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

2017

Dec

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.

2018

Jan

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.

US\$60m

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.

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

# The Naspers approach...

*From the way we view the world,  
to the entrepreneurs we partner with  
around the world, from how we invest  
to how we operate – our approach  
matters to all our stakeholders.*

1

**We think global and support local teams.**

▶ See page 14

2

**We rigorously manage our assets and capital allocation for growth.**

▶ See page 15

3

**We understand the importance of making a positive impact on society.**

▶ See page 16



We believe great ideas can change the world – addressing big societal needs, bringing people closer together, improving their lives, making them more enjoyable and enriching. We believe the best ideas often start locally, with savvy entrepreneurs meeting the needs of the people and communities they understand best. And when we see those same needs elsewhere, with our backing and their ambition, they can become global game changers. When we invest in entrepreneurs and their businesses, it's a partnership.

We bring resources, scale, experience, and expertise, and they bring their insight, ideas, passion, and ambition. Together, we work hard to take their company as far as it can go.

**18%**

OF PEOPLE GLOBALLY USE  
PRODUCTS AND SERVICES THAT  
NASPERS HAS BUILT, ACQUIRED  
OR INVESTED IN

*“We have a unique philosophy of backing local teams. Our companies know their customers best and they are best placed to make the right decisions for them. But we have global scale, which allows us to see patterns everywhere and we can quickly jump in and help entrepreneurs when needed.”*

**Bob van Dijk**  
Chief executive



**We think global  
and support  
local teams**



# We rigorously manage our assets and capital allocation for growth

We optimise our portfolio, and rigorously deploy our capital – all in pursuit of growth. Collectively, we manage our investments and operations across the world for value creation over time. The profits and cash generated by our businesses at scale fund both the development of companies we are building and the early investments we make in promising new ventures.

Where we spot opportunities to realise value from businesses we have helped to build, we crystallise that value when it makes sense to do so. Where we see opportunities to accelerate the rate of growth of existing businesses or gain exposure to exciting new prospects, we invest. Where we are not confident about the future returns of a business, or its path to success, we exit.

*“Through our investment strategy we offer our entrepreneurs the support and commitment to remain focused on their products, customers and business, scale fast and seek out incremental opportunities. Our unique approach gives investors the opportunity to participate in some of the best available media and ecommerce opportunities in high-growth markets.”*

**Basil Sgourdos**  
Chief financial officer

I AM  
DATA DRIVEN



We play a significant role in the world. We invest in and operate companies in more than 120 markets and countries, with thousands of people building products and services used by hundreds of millions of consumers every day. As we go about our business, we take our responsibility to hold ourselves to the highest standards seriously.

We believe in balancing the needs of all our key stakeholders, including the entrepreneurs we partner with, the people we employ, the consumers and communities we serve, the governments we work with, our investors, and those who form important opinions about us.

The companies we build, the people we employ and the taxes we pay all create value, helping to build stronger economies in the countries we invest, work and live in.

Across the group we support a range of corporate social initiatives that make a real difference to the people and communities who benefit from them. Our governance structures, code of business ethics and conduct and various policies, provide the frameworks and guidance for our people to do the right thing.

---

**x7**

DIVIDENDS PAID IN TAXES  
TO GOVERNMENTS

---

CORPORATE CITIZENSHIP INITIATIVES  
ACROSS THE GROUP BENEFIT  
MORE THAN

**600 000**

PEOPLE



# We understand the importance of making a positive impact on society

# Our business model

## Creating value for our stakeholders

### We anticipate changes in the world around us ...

Machine learning and artificial intelligence will soon become an integral part of everything we do.

► Read more on page 19

### ... and we take into account the views of our stakeholders.

Engaging with our stakeholders, understanding their perspectives and feedback.

► Read more on pages 20 to 25

## The resources we need (Our six capitals)



Financial



Human



Social and relationship



Manufactured



Intellectual property

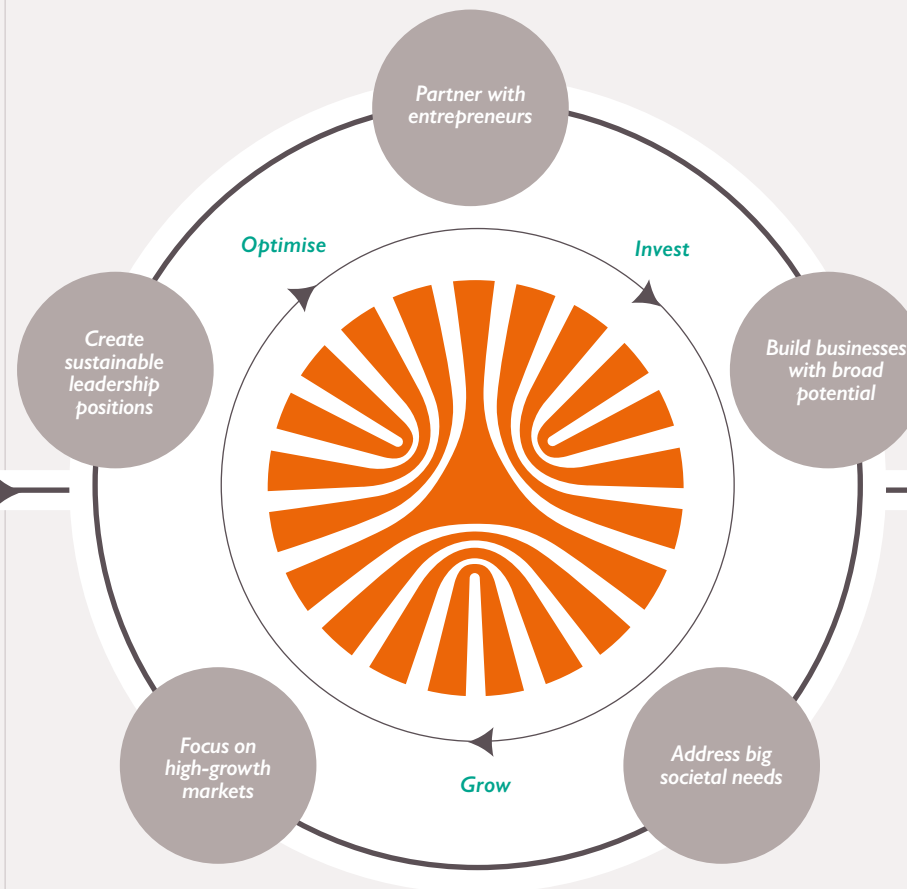


Natural resources

## How we add value

We pursue growth by building leading companies that empower people and enrich communities.

### What we do:



## Underpinned by our active capital allocation and strategy.

We ensure we optimise our portfolio for growth and competitiveness.

► Read more on page 26

## For all our stakeholders

### Customers

Provide exciting and innovative products and services to improve our customers' lives.

### Employees

Create a compelling place to work where our people are engaged and motivated to achieve their full potential.

### Shareholders and investors

Deliver long-term shareholder value through disciplined capital allocation, differentiated execution and strong financial performance.

### Suppliers and partners

Treat our suppliers fairly and drive high social, ethical and environmental standards in the products and services we buy.

### Local communities

Invest in improving the communities we operate, live and work in.

► Read more on pages 36, 43, 46 and 47

### Industry

Leverage our global scale to ensure industry development considers and benefits stakeholders.

### Regulators

Engage in developing dialogue and policy that support vibrant industries and benefits stakeholders.

We create value for key stakeholders across all our businesses.

### REVENUE

**US\$20.1bn<sup>(1)</sup>**

### TRADING PROFIT

**US\$3.4bn<sup>(1)</sup>**

### CONSOLIDATED DEVELOPMENT SPEND

**US\$669m**

### CORE HEADLINE EPS

**58 US cents**

### INVESTMENT IN EMPLOYEE TRAINING

**US\$17m**

Note

<sup>(1)</sup> Presented on an economic-interest basis.

### PROPOSED DIVIDEND PER SHARE

**650 SA cents**

### TAXES PAID TO GOVERNMENTS WHERE WE OPERATE

**US\$1.4bn**

### ENVIRONMENT

All emissions (scope 1 and scope 2) totalled 87 022.47 (2017: 184 458) tonnes of CO<sub>2</sub>e with electricity the highest contributor of total measured emissions at 78%. MultiChoice is the largest contributor within the scoped entities representing 65% of the total emissions. The carbon footprint excludes Novus which historically was the largest contributor to total emissions measured.

# Reporting on the six capitals

*In line with best practice for integrated reporting, we report on the six capitals that together provide a true picture of value across the group: financial capital, human capital, manufactured capital, intellectual capital, social and relationship capital, and natural capital.*



## Financial capital

*This covers the financial funds and assets across the group.*

**Our story in numbers.**



## Human capital

*This covers the skills, development, opportunities and well-being of people, notably the thousands of people we employ around the world.*

**Our people story.**



## Manufactured capital

*This covers our investments in the facilities and technology across the group.*

**Our infrastructure story.**



## Intellectual capital

*This covers the ideas, information, inventions, procedures, source code, domains, know-how and knowledge we create, own and protect through, for example, patents, copyrights and trademarks.*

**Our intellectual property (IP) story.**



## Social and relationship capital

*This covers the relationships we build with customers, communities, trade organisations and other groups we work with and contribute to.*

**Our social story.**



## Natural capital

*This covers the natural resources we have an impact on, for example, the energy we use and the water we conserve.*

**Our green story.**

*This way of telling a comprehensive, connected story fits well with our holistic view of value and our focus on creating sustainable value for long-term good.*



# The world around us

*Taking a long-term view at the world around us, we see key macroeconomic, regulatory, technology and competitive trends at work. We believe all these trends work in our favour as we continue to pursue our disciplined high-growth strategy.*

## Key trends

- 1 Global growth is continuing to increase.
- 2 Machine learning (ML) is likely to be the next transformational computing paradigm shift.
- 3 Regulatory responses to the tech revolution are material.
- 4 Global shortage of digital talent.

## Macroeconomic trends

### Global growth is continuing to increase

The global upswing in economic activity continues to strengthen. In 2016 global growth was 3.2%, the weakest since the 2008/9 global economic crisis. It was projected to rise to 3.6% and 3.7% in 2017 and 2018 respectively. Financial conditions remain upbeat across the world, but the sustainability of the global recovery remains vulnerable.

PROJECTED GLOBAL GROWTH  
RISE FOR 2018

# 3.7%

## Technology trends

### The tech story is shifting from mobile to machine learning (ML)

In thinking about which platforms could ignite the next cycle of value creation, there are many emerging technologies to consider, each in a different phase of its adoption curve. While mobile platforms are maturing, ML is entering the phase of mass adoption. After decades of overpromising, ML is finally starting to deliver real-life benefits as a confluence of factors drives development. Many new winners can be created by applying ML to distinct problems. As such, all our portfolio companies will seek to integrate ML tightly into their business processes.

## Regulatory trends

### Regulatory responses to the tech revolution are gaining momentum

Regulations affecting our business are increasing globally.

Responses to the evolving geopolitical and macroeconomic environment and the transformational technological (r)evolution will continue to gain impact. We invest in high-growth markets as a global partner empowering local entrepreneurship, with genuine local impact and value creation – including employment, innovation and financial contribution.

## Talent trends

### There is a global shortage of digital skills, and the best people have real choices about where to deploy their talents

Across the world, there is a shortage of digital skills, from software developers, to product designers, ML/AI specialists, cloud computing specialists, digital marketers and digital content creators. This competition is increasingly global, with talented people being courted by global players and having the opportunity to work outside their home country if they choose to do so. Additionally, the structure of work is changing, and individuals no longer strive for the relative security of a big organisation, often preferring to be self-employed in the 'gig economy' or having the confidence to start their own business straight out of university. In this environment, employees are likely to change employers much more frequently than in the mid-late 20th century, and expect a compelling proposition from their employer where they can learn and grow within a relatively flexible structure. To be successful, digital companies must be effective at competing for and retaining talented people.

## Growth around the world

The top 10 economies measured by gross domestic product (GDP) are shown below:

		2017 (US\$'bn) <sup>(1)</sup>	2022E (US\$'bn) <sup>(1)</sup>	2017 rank	2022 rank	2017-2022E growth <sup>(2)</sup>
1	United States	19 362	23 505	1	1	1.9%
2	China	11 938	18 383	2	2	6.3%
3	Japan	4 884	5 482	3	3	0.8%
4	Germany	3 652	4 452	4	4	1.6%
5	France	2 575	3 162	5	6	1.8%
6	United Kingdom	2 565	2 961	6	7	1.6%
7	India	2 439	3 924	7	5	7.7%
8	Brazil	2 081	2 629	8	8	1.7%
9	Italy	1 921	2 244	9	9	1.1%
10	Canada	1 640	2 052	10	10	2.0%
For reference:						
12	Russia	1 469	1 805	12	12	1.6%
24	Poland	510	698	24	23	3.0%
29	Nigeria	395	633	29	25	1.6%
33	South Africa	344	419	33	36	1.7%

Source: International Monetary Fund World Economic Outlook Database (October 2017), issued 10 October 2017.

### Notes

E – Expected.

<sup>(1)</sup> GDP in US dollars at current prices.

<sup>(2)</sup> Average annual growth rate of GDP, represented in national currency at constant prices, over six years.

# Engaging our stakeholders

*Building constructive relationships with our key stakeholders is critical to our business. We are focused on long-term success and making a lasting difference around the world. It is about creating sustainable value in the broad sense. A sense that plays out across the six capitals and considers, engages and involves all our stakeholders.*

## Our key stakeholders and why they matter to us

### Customers

Our products and services are enjoyed by millions of customers around the world – from individuals to businesses. We want to delight them.

#### CUSTOMERS

**Dedication to increasing customer satisfaction**

#### NUMBER OF MARKETS AND COUNTRIES

**> 120**

### Employees

Our employees are at the heart of our success – their commitment and entrepreneurial drive make all the difference.

#### NUMBER OF EMPLOYEES

**24 887**

### Government and regulators

We recognise how important it is to work with governments and regulators, particularly given that many of our businesses have such a big impact on people's lives.

#### KEY RELATIONSHIPS

**Government, sector organisations, industry bodies**

### Shareholders and investors

We are a for-profit organisation committed to growing and increasing value for our investors.

#### SHAREHOLDERS AND INVESTORS

**Strategic focus on good returns long term**

#### KEY RELATIONSHIPS

**Indices, stock exchanges**

### Industry and business partners

We want to be an industry leader that works closely with partners across the group.

#### TYPES OF CAPITAL PROVIDERS

**Industry associations, authorities and commissions**

### Society

We are committed to making a lasting positive impact. We want to make a difference to society, the world we live in.

#### TYPES OF CAPITAL PROVIDERS

**Public, media, suppliers, NGOs**

## The issues that matter most

### Return on investment

We closely manage our assets and capital allocation to deliver strong returns on investment.

### Tax

We take a responsible approach to tax, making sure we pay full and fair taxes in local jurisdictions around the world in order to contribute positively to communities.

### Privacy and cybersecurity

We focus a great deal of expertise and resources on ensuring privacy and cybersecurity for our customers and across our group.

### Quality of user experience

Our businesses focus on making their products and services as easy, enjoyable and useful as possible for our millions of customers around the world.

### Trust and fraud

Throughout our group we build trust with our customers, colleagues and communities by behaving openly and responsibly and actively tackling key threats such as online fraud.

### Competition and M&A

We seek to compete successfully and fairly around the world, complying with international and local competition law.

### Remuneration

We remunerate our people competitively in order to attract and retain top talent and reward them well for their performance and contribution to Naspers.



## Talent development and transparency

We are committed to increasing the skills and capabilities of all our people to advance their careers and contribute as much as possible to Naspers.

## Increasing customer satisfaction

Across our group we focus a great deal on understanding and meeting the needs of our customers. In our video-entertainment business for example, our strategies are rooted firmly in customer centricity and our belief that the better we can serve the customer, the more sustainable the business will be.

## Gaining insights

We also believe that improving our customer satisfaction score (CSAT) will increase customer lifetime value. CSAT provides customer insights in addition to other business metrics that are normally evaluated as part of business performance. These insights are crucial in aligning internal activities to meet customer expectations and deliver against our promises across the customer journey. This in turn is key to yielding a higher return on investment.

## Engaging our stakeholders

continued

### Ensuring the best service

SuperSport drives the biggest revenue on the DSTv platform and the majority of its customer base is on the Premium subscription. The focus here is on:

- Retaining customers.
- Keeping customers happy by delivering superb customer-service experience.
- Creating a bigger potential subscriber growth by word of mouth due to the service delivered on calls and social media platforms.
- Ensuring customers are the centre of the business and therefore deserve the best service from us.

### Striving for excellence

We strive to serve the customer with excellence (80% CSAT).

- Call listening sessions are done every week between team leader and agent to assess the service to the customer and give coaching where needed.
- Call reports are sent to all senior management to address any complaints, with departments accountable for the complaint.
- Screening and training are carried out for all additional employees who assist when there is a shortage or influx of work volumes, for example during special events, or live sporting events.
- Specialised employees assist with email queries, ensuring a 24-hour turnaround.
- Workforce planning supports staffing requirements and scheduling.
- We ensure employees are truthful and represent the business's best interests when interacting with customers.



### Investor day

On 12 December 2017 we held an Investor Day in New York. The event was attended by more than 130 investors with another 234 via webcast. The subsequent four weeks saw another 474 people viewing the uploaded version of the events on our website, bringing the total number of participants/attendees one month later to 708. The day was hosted by Bob van Dijk and Basil Sgourdos, with support from segment management who delivered presentations and answered questions about online classifieds, payments, retail, ventures and online food delivery, and video entertainment. The Investor Day was an opportunity to provide more information about our strategy, business objectives, and the key targets against which performance can be measured.

*“Overall, the presentation gave us more comfort on the growth and profitability outlook of the classifieds, payments and food-delivery businesses in particular. It also provided greater reassurance on management optionality to narrow the discount through greater disclosure, improved liquidity (to access new pools of capital) and greater engagement with shareholders.”*

Source:  
Naspers Ltd (NPNJ.nj); Key takeaways from the Investor Day.  
Goldman Sachs Global Investment Research  
13 December 2017





Engaging our investors.







## Engaging our stakeholders

continued

Material stakeholders	How we engage with them	Main issues	Our response	Capital impact				
Customers and users	<ul style="list-style-type: none"><li>• Call centres</li><li>• Electronic communication (email, sms, apps, web platforms and social media platforms)</li><li>• Showrooms</li><li>• Surveys and market research</li></ul>	<ul style="list-style-type: none"><li>• Good customer/user service and experience (fast delivery, return, feedback).</li><li>• The right/competitive pricing and range of products.</li><li>• Content preference.</li><li>• Trust and safety.</li><li>• Data privacy.</li></ul>	<ul style="list-style-type: none"><li>• Continuous improvement of range of products, customer experience, pricing and product range by our group businesses, for example:<ul style="list-style-type: none"><li>– eMAG:<ul style="list-style-type: none"><li>• Loyal client campaigns with special discounts.</li><li>• 24/7 call centre service.</li><li>• Sales consultants in showrooms.</li><li>• Diverse delivery options, including free delivery over certain amounts and a two-hour delivery option.</li><li>• Net Promoter Score monitored regularly:<table><tr><td>FY17</td><td>62%</td></tr><tr><td>FY18</td><td>59%</td></tr></table></li></ul></li></ul></li><li>• The trend is declining, as marketplace share is growing and the customers rank the experience as being poorer: eMAG is working on several projects to reverse the trend:<ul style="list-style-type: none"><li>– seller performance monitoring – we will inactivate the sellers with poor performance</li><li>– seller training</li><li>– IP on time delivery focus, and</li><li>– IP customer service focus.</li></ul></li><li>– Mobile:<ul style="list-style-type: none"><li>• Responded to 100% of complaints and 70% of customers believed the problem was solved.</li><li>• Dedicated product teams.</li></ul></li><li>• Initiatives to address content preference, for example:<ul style="list-style-type: none"><li>– Media24: Feedback from readers taken into account by editorial teams in content planning. Letters to editors are published and editors respond to readers.</li><li>– Video entertainment: Deep viewership analysis supplemented by regular consumer research and customer feedback drives content decisionmaking.</li></ul></li><li>• Initiatives to address trust and safety concerns, for example:<ul style="list-style-type: none"><li>– OLX: Created a global trust and safety programme and launched initiatives to promote online safety, including workshops and social media communications.</li><li>– PayU: A communication and awareness programme on trust and safety issues relating to consumers and merchants is in place. The programme communicates preventive measures in place at PayU and is designed around privacy, phishing, fraud detection, balance protection and tips for online shopping.</li></ul></li><li>• Naspers has a data-privacy programme led by the head of data privacy, and adopted a group cybersecurity policy.</li></ul>	FY17	62%	FY18	59%	<div></div>
FY17	62%							
FY18	59%							

## Engaging our stakeholders

continued

Material stakeholders	How we engage with them	Main issues	Our response	Capital impact
Employees	<ul style="list-style-type: none"> <li>• <b>Meaningful work:</b> Our people join us because they want to make a difference. We work on designing jobs and organisations that create a line-of-sight between individuals and the impact they have. We have a performance culture, and we strive to ensure that individual effort is aligned with business objectives. We encourage ongoing conversations between our people and their managers in this respect. We offer relevant compensation packages that allow us to compete for talent and reward the best performers.</li> <li>• <b>Development:</b> Our people stay because we offer them the opportunity to learn and grow professionally. On the job, we seek to provide our people with new experiences and the opportunity to use their skills in different ways. We encourage our people to create personal development plans, supported by their managers. Through MyAcademy across the group, and additional efforts within each business, we offer our people relevant formal learning opportunities.</li> <li>• <b>Culture and leadership:</b> We work hard to preserve a culture of entrepreneurship, with open and honest communication and inspiring leadership. We believe that the experience of our people is heavily influenced by their direct manager and we are investing in the quality of people management across the group. We create forums for the exchange of information and ideas, eg onboarding sessions for new people, internal websites, 'all-hands' meetings with leadership, networking sessions across the group, organised by skillset and region. Where appropriate, we also engage formally through employment equity forums (South Africa) and workplace forums, work councils and trade unions.</li> </ul>	<ul style="list-style-type: none"> <li>• Global shortage of digital talent.</li> <li>• Business restructuring.</li> <li>• Employee retention.</li> <li>• Diversity.</li> </ul>	<ul style="list-style-type: none"> <li>• We believe that diverse teams produce the very best results and we are committed to creating workplaces that are inclusive and welcoming to people of diverse origins, preferences, backgrounds and perspectives.</li> <li>• Continuous conversations between people and their managers on performance, career development plans and recognition.</li> <li>• Fair, responsible and competitive pay practices: group companies operate in framework established by the Naspers human resources and remuneration committee. (Refer to the Naspers good governance guidelines).</li> <li>• Clear and regular communication on businesses' performance and strategy by leadership.</li> <li>• Analysing employee engagement results and formulating plans and allocating responsibilities to improve employee confidence and build an engaging work environment.</li> <li>• Diversity awareness programmes; women's development programmes.</li> <li>• Dealing with business restructuring fairly and transparently, and supporting employees who are required to transition out of the organisation.</li> </ul>	 

## Engaging our stakeholders

continued

Material stakeholders	How we engage with them	Main issues	Our response	Capital impact
<i>Investors and shareholders</i>	<ul style="list-style-type: none"> <li>Annual financial statements</li> <li>Interim and provisional reports</li> <li>Financial results presentations</li> <li>Annual integrated report and interim reports</li> <li>Press and SENS announcements</li> <li>Reporting via corporate website and corporate documents (factsheet)</li> <li>Investor meetings and teleconferences</li> <li>Investor Day</li> <li>Business visits</li> <li>Dedicated email communications (Investorrelations@Naspers.com)</li> <li>Directors are available at the annual general meeting to respond to queries</li> </ul>	<ul style="list-style-type: none"> <li>Strategy to sustain good past returns over the long term.</li> <li>Holding company discount.</li> <li>Perceptions of poor governance around MCSA/ANN7 issue.</li> <li>Remuneration policy and disclosures.</li> <li>Control structure.</li> <li>Investment and development spend.</li> <li>Video Entertainment (VE) in sub-Saharan Africa (SSA) turnaround prospects.</li> <li>Negative free cash flow.</li> <li>Share option dilution and liability.</li> <li>Strategy for online food delivery.</li> </ul>	<ul style="list-style-type: none"> <li>Increased engagement with our shareholders (Investor Day, remuneration outreach).</li> <li>Enhanced disclosure and transparency.</li> <li>Enhancements to our remuneration policy.</li> <li>Disciplined capital allocation and taking action where we are not seeing expected returns.</li> <li>Communicating our approach to capital allocation and the returns it is delivering.</li> <li>Scaling our ecommerce investments towards profitability and stabilisation of VE in SSA.</li> <li>Continued investment in the investor relations (IR) function.</li> </ul>	
<i>Governments and regulators</i>	<ul style="list-style-type: none"> <li>Participation in advisory committees, meetings and public consultations</li> <li>Formal meetings and roundtables</li> <li>Response to sector and company-specific enquiries</li> <li>Participation in sector and industry associations and international fora</li> <li>Site visits (host official delegations)</li> <li>Integrated annual report and public announcements</li> </ul>	<ul style="list-style-type: none"> <li>Acquisitions and corporate market definitions.</li> <li>Consumer rights.</li> <li>Data protection and privacy.</li> <li>Intellectual property.</li> <li>Employment and social regulations.</li> <li>Taxation.</li> <li>Free and global trade and investments.</li> <li>Corporate social responsibility.</li> <li>Policies and regulations affecting our businesses, including: media, video entertainment, technology, ecommerce and financial services.</li> </ul>	<ul style="list-style-type: none"> <li>Provide structures and detailed programmes to ensure compliance with all applicable laws and regulations.</li> <li>Formal representations and written submissions to express views.</li> <li>When invited or relevant, proactive discussion about future legislation in the form of expert advice, based on experience globally or technology and sector expertise.</li> <li>Invest in group capability and capacity to respond to inquiries, requests and interest in future legislation on issues affecting industry.</li> <li>Express views through media engagement and public speeches.</li> </ul>	    
<i>Media</i>	<ul style="list-style-type: none"> <li>Interviews, particularly around key announcements (eg results and significant transactions), and events (eg the AGM and Investor Day)</li> <li>Whenever possible, providing comment and information in response to media enquiries to our press office</li> <li>Provision of press releases, editorial and articles relating to the activities of Naspers and its companies</li> <li>Provision of reporting, news and thought leadership through the company website and Naspers channels, on Medium and LinkedIn</li> <li>Background and contextual conversations, use of right of reply, and where necessary, corrections of inaccurate reporting</li> </ul>	<ul style="list-style-type: none"> <li>Naspers financial performance.</li> <li>Strategic focus.</li> <li>New investments, M&amp;A and divestiture activity.</li> <li>Activities of our companies and associates.</li> <li>Weighting on the JSE.</li> <li>Holding company discount.</li> <li>Control structure.</li> <li>Perceptions of poor governance mainly due to MCSA/ANN7 issue.</li> <li>Remuneration policy and disclosures.</li> <li>Reliance on Tencent.</li> </ul>	<ul style="list-style-type: none"> <li>Created press office to provide faster response to inbound media enquiries.</li> <li>Proactively building media interview schedules and access to key management to provide context and background information in support of strategy and important news (eg results, significant transactions).</li> <li>Responding to requests for comment, participating in events and publishing commentary, as appropriate, in line with communications and IR policies.</li> <li>Held a joint press conference with MCSA in January to communicate the findings of the MCSA review.</li> </ul>	

## Engaging our stakeholders

continued

Material stakeholders	How we engage with them	Main issues	Our response	Capital impact
<b>Communities</b>	<ul style="list-style-type: none"> <li>Through our corporate social investment (CSI) programmes</li> <li>Public announcements and website</li> </ul>	<ul style="list-style-type: none"> <li>Local employment and value creation, including supporting local business.</li> <li>Adherence to local laws and paying taxes due.</li> </ul>	<ul style="list-style-type: none"> <li>Corporate social responsibility programmes in the group such as Video Entertainment's MultiChoice Diski Challenge, Magic in Motion Academy and SuperSport Let's Play; Media24's flagship corporate social responsibility project, WeCan24, offering digital journalism training to high school learners and teachers; eMAG foundation, which supports education and programmes that facilitate the access to education, for pupils and students; and others.</li> <li>Developing products/services to meet societal needs, for example food delivery (iFood and Swiggy) and education (Codecademy and Brainly). Trading through online platform OLX by purchasing secondhand products lowers carbon emissions.</li> <li>Focus on hiring local employees, building local talent.</li> <li>The Naspers groupwide legal compliance programme is adopted by group businesses, tailored to unique risks and local laws (refer to pages 65 and 66).</li> <li>Board-approved group tax policy and tax disclosure in integrated annual report (refer to pages 29 and 30).</li> </ul>	    
<b>Business partners</b>	<ul style="list-style-type: none"> <li>Meetings, calls and electronic communication</li> </ul>	<ul style="list-style-type: none"> <li>Keeping abreast of relevant developments in the business.</li> <li>Their rights, including in relation to pricing, content, platform use, privacy and security.</li> </ul>	<ul style="list-style-type: none"> <li>Respectful engagement.</li> <li>Maintaining good relationships and regular communication with key management and business representatives.</li> <li>In the event of disputes, appropriate dispute resolution management.</li> <li>Negotiating relationship and agreement terms and requirements within agreed mandate.</li> <li>Where necessary, refining business approach in line with international norms</li> </ul>	   

# Active portfolio management

*Optimising our portfolio to deliver growth and competitiveness.*

## Capital allocation strategy

We have a systematic approach to how and where we allocate our capital. We typically invest in new businesses early on, focusing on opportunities that address big, societal needs and have potential to scale globally.

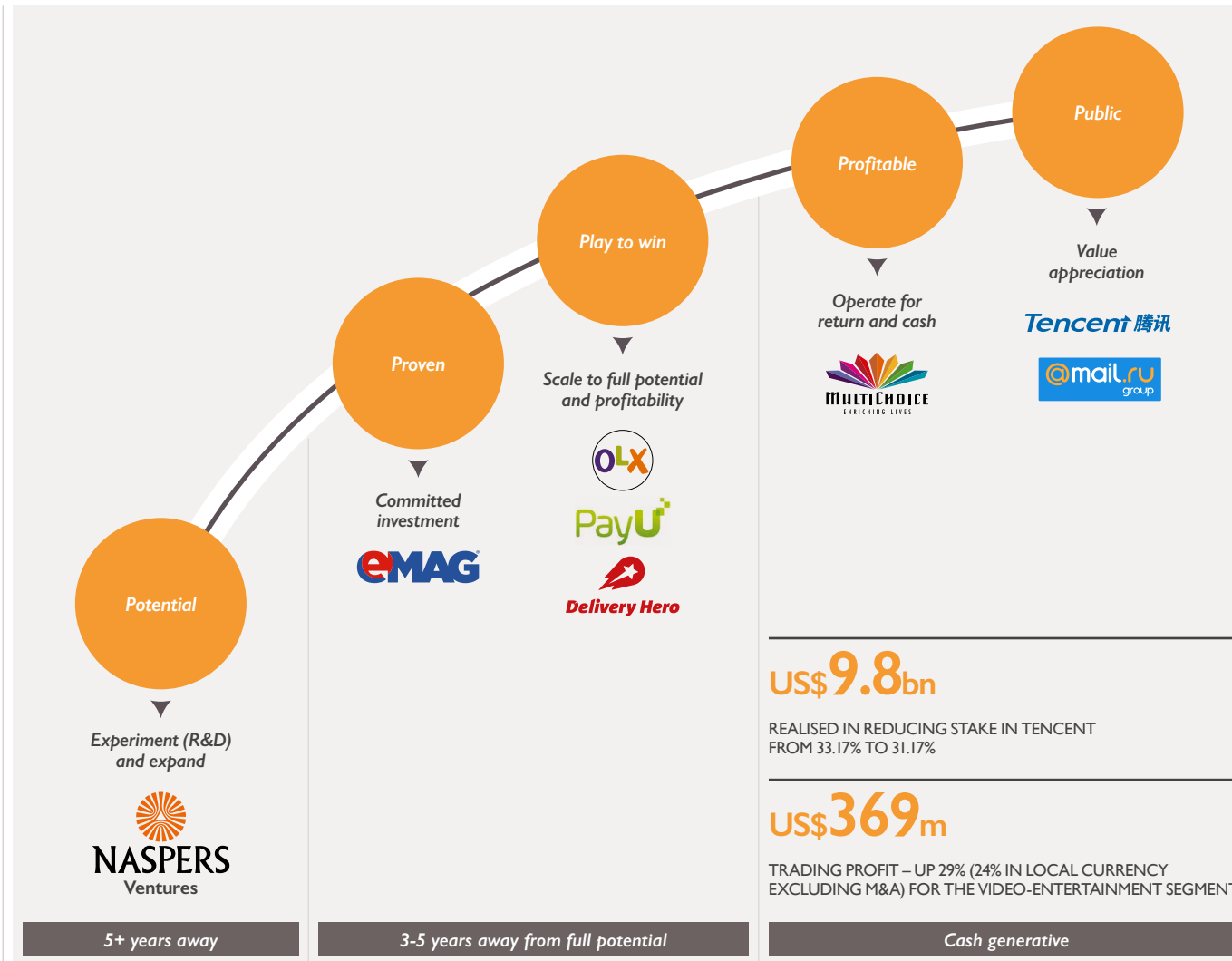
If we have evidence of good traction and sustained growth, we often 'double-down' on existing investments, helping them build scale and market leadership. Once we are comfortable about a compelling proposition, we go 'all-in', driving these businesses to profitability and cash generation, for example Classifieds.

We also have businesses that are mature, profitable and cash generative, such as MultiChoice South Africa. In addition we have invested in a number of companies that are public, such as Tencent, Mail.ru, MakeMyTrip and most recently, Delivery Hero.

## Investment criteria

During the course of a year, we look at numerous investment opportunities, but we apply strict criteria and are selective about where we invest:

- We look for business models that address big societal needs and have potential to scale globally.
- We partner with credible entrepreneurs and teams with vision, ambition and tenacity.
- We are disciplined in our valuation approach using fundamental techniques such as discounted cash flow analysis and we focus on anticipated return on invested capital.
- Proposed transactions are reviewed



by the investment committee, comprising senior executives with board-approved authority levels. Sizeable transactions go to the board for consideration and approval.

## Our strategic priorities

In recent years we have relied on video entertainment to fund our activities; in future, we aim to diversify our sources of cash by progressively moving our core ecommerce assets into profit.

## Overall, our priorities for the next few years include:

- Drive **ecommerce** to profitability.
- Continue to pursue **scale in our core segments** (classifieds, online food-delivery and payments businesses globally).
- Optimise **value creation** for non-strategic assets.
- Plant the seeds for **longer-term growth** by selectively investing in new growth opportunities with high potential.

# Capital performance snapshot

## How we performed against our six types of capital in 2018

### Financial

We manage our finances rigorously to maximise performance. In 2018 we performed strongly, with significant growth in core headline earnings.

REVENUE <sup>(1)</sup> (US\$m)	TRADING PROFIT <sup>(1)(2)</sup> (US\$m)
2018	20 097
2017	14 562
2016	12 224
2018	3 403
2017	2 322
2016	2 150

DEVELOPMENT SPEND <sup>(1)</sup> (US\$m)
2018
2017
2016
956
1 084
961

CORE EPS <sup>(2)</sup> (US\$)
2018
2017
2016
5.81
3.37
2.76

#### Notes

<sup>(1)</sup> Presented on an economic-interest basis.

<sup>(2)</sup> Prior periods restated for the group's change in calculation of core headline earnings and trading profit regarding Tencent's digital content amortisation.

#### GROWTH IN CORE HEADLINE EARNINGS

# 72%

#### PROPOSED ANNUAL GROSS DIVIDEND INCREASED (GROWTH IN SA RAND TERMS)

# 12%

### Human – talented people

We are committed to supporting and encouraging all our people to develop their skills and capabilities to the full. In 2018 we delivered on this commitment in a number of ways – from individual talent development programmes to global resources such as MyAcademy.

#### NUMBER OF EMPLOYEES

2018	24 887
2017	24 482
2016	27 429

#### MYACADEMY

#### ACTIVE LEARNERS CONSUMED MORE THAN

# 26 000

#### ONLINE LECTURES AND ENGAGED IN MORE THAN

# 43 000

#### HOURS OF TRAINING

### Manufactured

From offices to warehouses to technology, we invest in and maintain a range of infrastructures across the group. iFood uses artificial intelligence and machine learning to reduce delivery times. They can deliver the pizzas far quicker – in 10 minutes, rather than 40. PayU focuses on protecting its valuable assets, notably its local payment platforms and data.

#### INVESTMENT IN CAPEX (US\$m)

2018	139
2017	173
2016	228

#### CUSTOMER SATISFACTION NPS SCORE

# 80%

### Intellectual property

We look for and back innovation across the group, making sure we protect the resulting intellectual property and make the best use of it. In 2018 we continued to encourage, invest in and protect innovation, with 50% of businesses introducing or enhancing innovative new products and services.

#### BUSINESSES DRIVING INNOVATIVE PRODUCTS AND SERVICES

Each year eMAG holds a hackathon – 24 hours when coders unite to code something amazing, impress the judges and win great prizes. It is an excellent way to attract the best tech talent to a business with a strong focus on intellectual property (IP) that likes to develop its own software.

OLX rigorously protects its IP, defending the assets across more than 40 countries.

### Social and relationship

We place considerable emphasis on building strong relationships with customers, communities and other stakeholders across the group to ensure we have a long-term positive impact on societies.

#### ONE OF THE LARGEST TAX CONTRIBUTORS IN SOUTH AFRICA – PAID AND COLLECTED

# US\$772m

#### CORPORATE CITIZENSHIP INITIATIVES (REFER TO HOW WE ENGAGE WITH OUR STAKEHOLDERS ON PAGE 20)

OLX established a global trust and safety programme to act as the glue for all trust and safety initiatives.

### Natural resources

Across the group we endeavour to minimise the impact on the environment.

#### BUSINESSES THAT REDUCE ENVIRONMENTAL IMPACT

In FY18 Takealot introduced 100% recycled delivery packaging.

#### GREEN BUILDING

The MultiChoice City building in Johannesburg has a 5-Star Green Star rating from the Green Building Council of South Africa.

Media24 in Cape Town is implementing water-saving and resilience initiatives, running awareness campaigns, and developing plans to work differently to use water responsibly.



# Value creation

*Naspers creates value for key stakeholders through its business model, drawing from its six capital pools.*

*Our key value-creation outputs for the group, its stakeholders and society are illustrated below.*

## Employees

SALARIES, WAGES AND EMPLOYEE BENEFITS

**US\$1.4bn**

INVESTMENT IN EMPLOYEE TRAINING

**US\$17m**

PERMANENT EMPLOYEES

**24 887**

## Investors

FINANCE COST PAID

**US\$267m**

DIVIDENDS PAID TO NASPERS SHAREHOLDERS

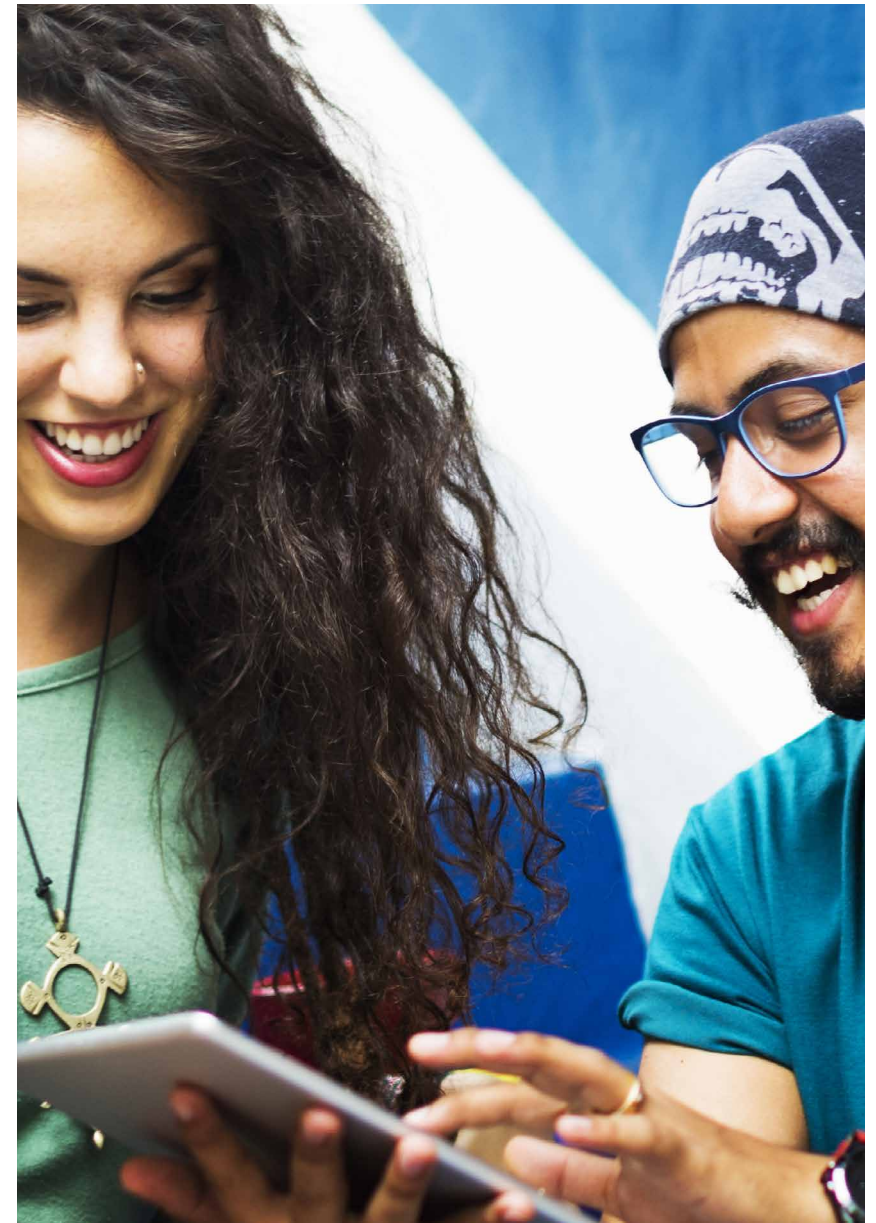
**US\$185m**

## Government

DIRECT AND INDIRECT TAXES PAID

**US\$1.4bn**

Value creation



# Tax

*Naspers aims to contribute positively to the communities within which it operates. As a global company, we recognise that the tax we pay is an important element of our broader economic and social contribution to the countries where we operate.*

We always aim to comply with tax laws in all countries where we operate and manage our tax affairs in the interests of all our stakeholders, including governments and our shareholders. Our tax principles are laid down in the Naspers group tax policy which is available on our website.

Naspers businesses pay taxes where they operate and, consequently, where revenues and profits are generated. We invest in businesses in many countries and, in an increasing number of countries, our businesses monetise, and in some, such as in South Africa and Poland, we have major operations that are profitable.

In FY18 taxes paid and collected\* by Naspers globally added up to US\$1 389m. The contribution to the fiscus of the individual businesses is in line with the state of maturity of the businesses. More mature businesses often pay more tax than less mature ones as the latter are often still in a loss-making phase having not reached their full potential. We continue to invest to grow and scale these businesses. Once the developing businesses become cash flow positive and profit generative, in most cases tax-loss carry forwards are first utilised before profits become taxable.

Naspers has a meaningful effective tax rate. The consolidated tax rate has consistently been higher than 30% of profits for more than 10 years. The

effective tax rate for FY18, excluding once-off gains from extraordinary transactions and including the taxes accounted for by our associates, is 36.8%.

This year the group disposed of a 2% interest in Tencent, which constitutes an extraordinary transaction. Under the participation exemption that applies to all South African corporates, and which exists to ensure there is no double taxation of profits, tax is not applicable to capital gains on the sale of shares in a foreign entity as long as the seller held more than 10% of the company at the time of the sale and the buyer is not (controlled by) a South African resident.

Taxes will be paid as the group declares dividends to its shareholders, while capital gains tax will also be levied on shareholders when they sell their shares in Naspers on any gain in value as a result of reinvesting funds.

Our most established and mature businesses are in Africa and provide video-entertainment services to consumers. On behalf of tax authorities Naspers paid and collected more than US\$935m on the African continent. More than 67% of taxes paid and collected globally over the past year were paid to tax authorities in Africa.

*Illustrative example of social benefits if National Treasury allocates the total tax contribution (including induced tax contribution) based on the FY2016/17 budget speech allocation.*

EDUCATORS

7 571

HOSPITAL BEDS

1 758

LOW-COST HOUSES

4 913

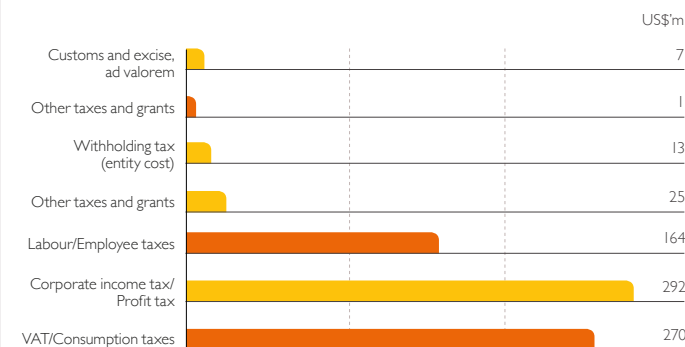
DOCTORS

471

## TOTAL TAX PER TAX TYPE (SA ONLY)

● Amounts collected on behalf of tax authorities

● Amounts paid to tax authorities



The Naspers group is one of the largest tax contributors in South Africa. In FY18 Naspers paid and collected R8.8bn (US\$772m). This accounts for 55% of taxes paid and collected by the group globally.

In the absence of readily available public data, we conducted our own research to estimate our total tax contribution versus the contribution of South African peers. Using FY17 tax data to conduct the comparison (as most of our peers' FY18 figures were not publicly available yet), the analysis shows that Naspers is among the top 10 largest taxpayers in South Africa. If levies and excise taxes are excluded, Naspers ranks as South Africa's sixth largest tax contributor.

Naspers, through its tax contributions, is able to contribute to the funding of national social objectives. As an illustrative example, Naspers's total FY17 tax contribution is able to fund 7 571 additional educators, 1 758 hospital beds, 471 doctors and 4 913 low-cost houses. This is based on the assumption that Naspers's total tax contribution is distributed in the same proportions as National Treasury's sectoral allocation in the 2016/17 budget. Naspers, as a reputable and tax compliant business, also helps the South African Revenue Service (SARS) to ensure collection and reduce collection costs. In these ways, Naspers's tax contributions are an enabler to the national economy and play an important role in South Africa's socio-economic development and upliftment.

In Europe, the group paid and collected US\$252m (18% of tax paid and collected globally), driven by the group's profitable internet operations in Eastern Europe. A number of these businesses are in their development phase (ie are growing fast), but typically are not yet profitable or at full potential and therefore still loss-making. As these businesses scale and deliver profits, they will start paying taxes in their respective countries.

\* Amounts paid to tax authorities consist of corporate income tax, withholding tax, customs, and other similar taxes borne. Amounts collected on behalf of tax authorities consist of indirect taxes like VAT, service taxes, employee taxes and other similar taxes.

## Companies under review

	Tax contribution (R'm)			Tax contribution (R'm)	Ranking
	Direct	Indirect	Total	(excluding fuel, alcohol and tobacco levies)	
Peer #1	11 950	5 623	17 573	14 058	(2)
Peer #2	2 188	14 601	16 789	4 787	(8)
Peer #3	8 960	8 025	16 985	16 985	(1)
Peer #4	9 931	1 757	11 688	11 688	(3)
Peer #5	5 760	4 369	10 129	10 129	(4)
Peer #6	7 395	1 100	8 495	8 495	(5)
Peer #7	4 043	4 201	8 244	4 004	(9)
<b>Naspers</b>	<b>4 249</b>	<b>2 968</b>	<b>7 217</b>	<b>7 217</b>	<b>(6)</b>
Peer #8	4 886	1 292	6 178	6 178	(7)
Peer #9	2 227	1 146	3 373	3 373	(10)
Peer #10	2 464	254	2 718	2 718	(11)



## Tax

continued

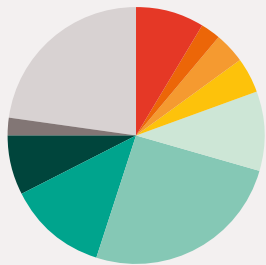
## Tax paid and collected in FY18 SA vs the rest of the world

AMOUNTS COLLECTED ON BEHALF OF  
TAX AUTHORITIESUS\$814<sub>m</sub>

SOUTH AFRICA

US\$435<sub>m</sub>

REST OF THE WORLD

US\$379<sub>m</sub>

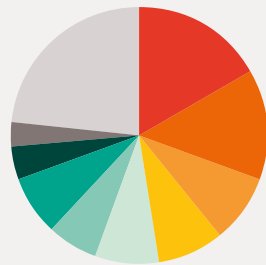
AMOUNTS PAID TO TAX AUTHORITIES

US\$575<sub>m</sub>

SOUTH AFRICA

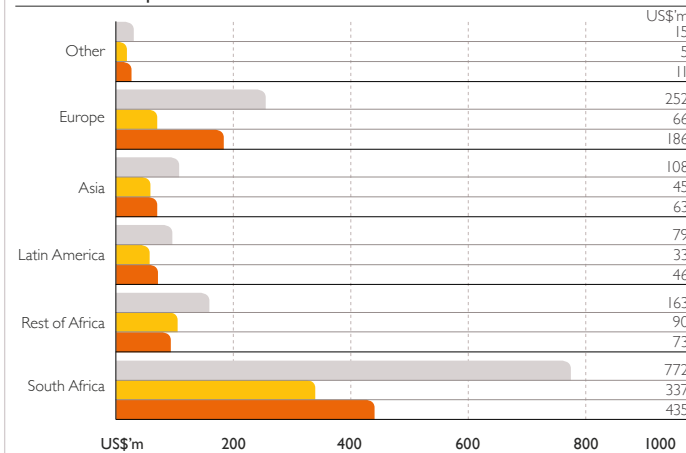
US\$337<sub>m</sub>

REST OF THE WORLD

US\$238<sub>m</sub>

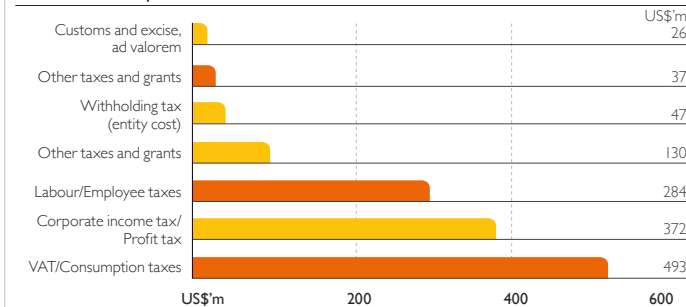
### TAX PAID AND COLLECTED PER GEOGRAPHICAL AREA

● Total ● Amounts paid to tax authorities ● Amounts collected on behalf of tax authorities



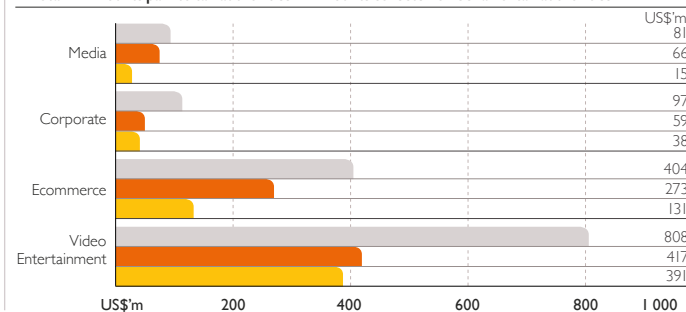
### TAX PAID AND COLLECTED PER TAX TYPE

● Total ● Amounts paid to tax authorities ● Amounts collected on behalf of tax authorities



### TAX PAID AND COLLECTED PER SEGMENT

● Total ● Amounts paid to tax authorities ● Amounts collected on behalf of tax authorities



Taxes paid in Asia and Latin America, where most of our businesses are still in the development phase and therefore loss-making, amounted to US\$187m (13% of tax paid and collected globally). In Asia we are net recipients of tax inflows primarily due to VAT and indirect tax refunds while our businesses are still loss-making. This position will change as our businesses scale and deliver profits.

The largest taxes are those we pay domestically in the countries we operate in and primarily relate to VAT and consumption taxes, corporate income tax and taxes withheld on behalf of our employees in the respective countries.

Video entertainment, as our most mature segment, pays the highest taxes. The group has an increasing number of profitable ecommerce entities which drive the taxes paid in ecommerce. As we continue to scale our ecommerce segment and add more profitable businesses, these taxes will increase.

While our media business in South Africa is seeing a decline in its legacy print operations, it is making substantial investments in a number of digital and online growth opportunities. After the sale of Novus Holdings, the media business is loss-making. The businesses employ 3 719 (2017: 3 848) salaried employees; 28 (2017: 1) waged employees and 209 (2017: 343) temporary workers in South Africa and, despite incurring losses, still collect a meaningful amount on behalf of tax authorities.

With businesses in some of the most exciting markets in the world, and a focus on long-term growth, we are proud of the significant contribution we make to the communities we serve globally, and society at large.

# Performance review







*Building on the successes of previous years and continuing to execute our disciplined growth strategy, we performed strongly across our portfolio of internet, video-entertainment and media businesses.*

*Rising internet revenues, increasing video-entertainment subscribers, smart investments in society-changing areas, award-winning journalism on important issues – we enjoyed many successes across our three segments.*

---

**79%**<sup>(1)</sup>

of group revenue now comes from our internet and ecommerce activities

---

**No.1**

shopping/lifestyle apps in more than 22 countries

*Note*

<sup>(1)</sup> On an economic-interest basis.

# Internet

*From platforms that make communicating, entertainment, shopping and paying for things easy, safe and enjoyable to specialised ecommerce services such as great local online food delivery – we focus on high-growth internet businesses that make a lasting positive difference to people around the world.*

INTERNET REVENUES GREW 50% (51%) TO

**US\$15.9bn<sup>(1)</sup>**

fuelled by ecommerce and Tencent's remarkable results

TRADING PROFIT ROSE 50% (56%) TO

**US\$3.1bn<sup>(1)</sup>**

<sup>(1)</sup> Presented on an economic-interest basis.

THE INTERNET SEGMENT NOW CONTRIBUTES

**79%**

of group revenue, up from 73% last year

WE INCREASED OUR FOCUS ON AND INVESTMENT IN

**key high-growth areas**

such as food delivery

## Highlights of the year



### Classifieds

OLX continued to grow around the world and turned profitable and free cash flow positive in the year (excluding letgo).



▶ Read more on page 34



### Payments

PayU enjoyed healthy growth, with total payments volume exceeding US\$25bn, and made key investments in Kreditech and Remitly.



▶ Read more on page 35



### Online food delivery

We continued to invest in this promising sector, including a 22% stake in Swiggy and 23% stake in Delivery Hero. Revenue for iFood was up 121% year on year.



▶ Read more on page 37



### Etail

We achieved strong growth across all our etail businesses and eMAG's Romanian business became profitable. (Post year-end we signed an agreement to sell our stake in Flipkart for US\$2.2bn, representing an internal rate of return (IRR) of 32%).



▶ Read more on page 37



### Travel

MakeMyTrip strengthened its leadership in India. In its third quarter, MakeMyTrip delivered 94% year-on-year growth on revenue less service costs, while improving operational efficiencies.



▶ Read more on page 39



### Ventures

We continued to invest in key opportunities such as edtech. Post year-end we invested US\$35m in Honor, a mid-stage home-care company that helps older adults live safely and comfortably in their own home by enabling reliable and high-quality care.



▶ Read more on page 39



### Social and internet platforms

Tencent continued to excel in China.

Mail.ru strengthened its position as Russia's number 1 internet group.



▶ Read more on page 40

# Markets

## Indian ecommerce

The Indian ecommerce market is still in its early stages of development and continues to hold significant long-term potential. With growing (mobile) internet penetration and a shift from offline to online retail, India's online retail market is expected to grow by a 22% compound annual growth rate (CAGR) to US\$68bn by 2021 (Euromonitor).

## South African online retail

South African online retail presents a substantial opportunity. From 2016 to 2021 it is expected to grow at 15% annually. Low rates of internet penetration (58% in 2017) and online retail penetration (1% in 2017) suggest significant offline-to-online migration will propel this growth.

## Online payments in emerging markets

Online payments in emerging markets are expected to grow twice as fast as in mature markets. Two key factors are driving this growth: the regulatory push towards cashless payments, eg UPI in India, and accelerating online cross-border payments, expected to be approximately 30% of the ecommerce volume by 2020, up from approximately 20%. Against this backdrop, the payments industry saw over US\$40bn of global M&A in 2017.

## Chinese growth

China's internet population grew at 6% this year and reached 772m by the end of 2017.

*Big opportunities characterise the internet markets we focus on. It is a high-growth game and we are a meaningful global player.*

## Our businesses

### Classifieds

### Payments

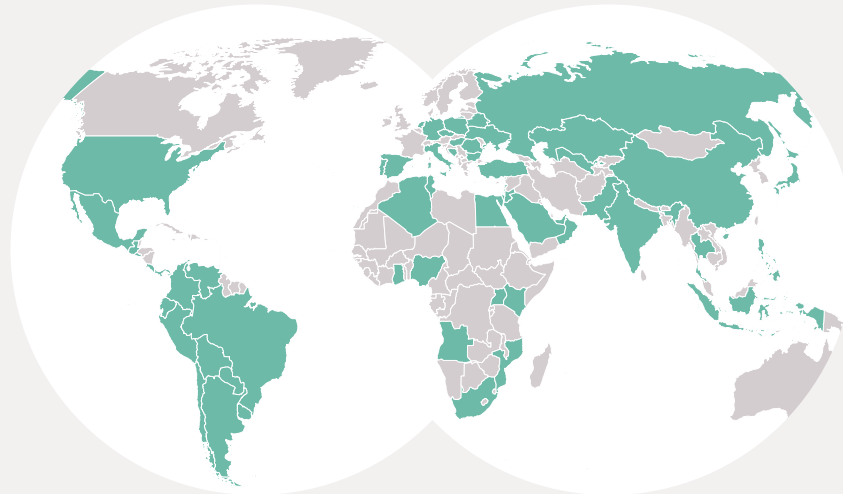
### Online food delivery

### Etail

### Travel

### Ventures

### Social and internet platforms



# Performance

## Classifieds

### REVENUE<sup>(1)</sup> (US\$m)



IFRS: ↑47% LC: ↑35%

### TRADING LOSS<sup>(1)</sup> (US\$m)



IFRS: ↑65% ↑LC: 59%

#### Notes

<sup>(1)</sup> Presented on an economic-interest basis.  
LC = local currency.

## Building trust across our marketplaces

We are committed to building trustworthy online marketplaces. Trustworthiness is key to the long-term success of these marketplaces and of great value to customers and merchants alike.

OLX has established a global trust and safety programme (under the auspices of the general counsel) to act as the glue for all trust and safety initiatives around the globe and

ensure consistent and effective combating of fraud.

The group invests heavily in advanced technology to monitor platforms, as well as in teams around the world to prevent inappropriate listings. For example, it has built an automated moderation tool, Hermes, which has increased the successful automatic moderation of illegal or bad content by up to 80% in some countries.

We're investing in online trust and safety for customers around the globe.



## SPOTLIGHT ON OLX

**#1** shopping/lifestyle apps in more than 22 countries

**80%** of person-to-person online trade in India is done through OLX

**25%** of the Russian population uses Avito every month

**75m** downloads and hundreds of millions of listings added by users



## Classifieds *continued*

### *OLX (excluding letgo) continued to grow around the world and this year returned a profit to Naspers*

With more than 330m monthly users worldwide, OLX group's mission is to make it as easy as possible for people to buy and sell almost anything. This fuels local economies. Through consumer brands, including Avito, Dubizzle, letgo, OLX and a dozen others, more than 15m items are exchanged on OLX's platforms every month.

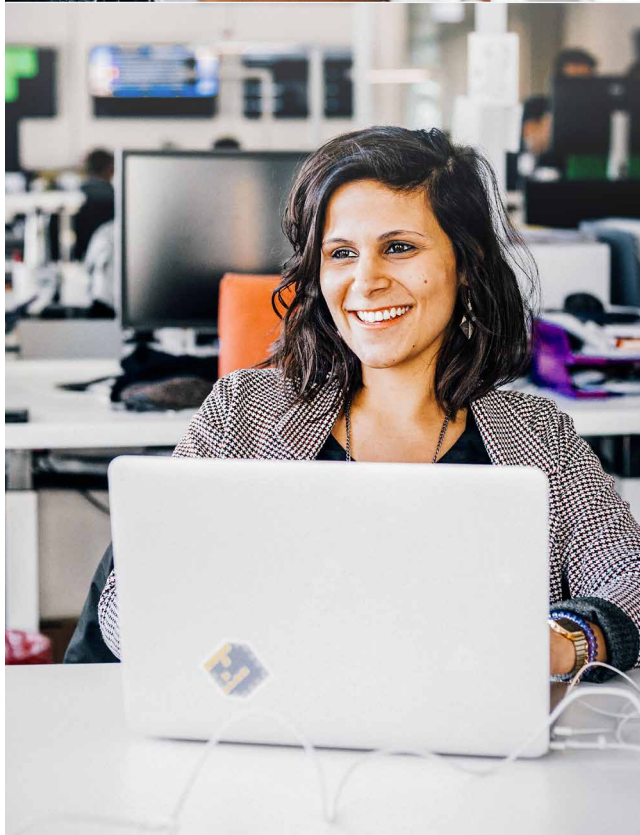
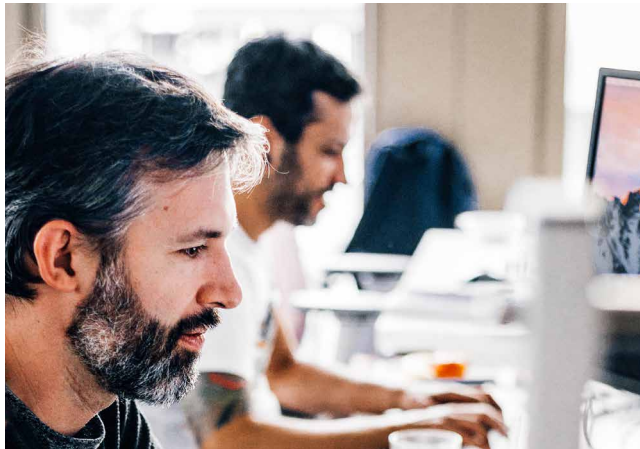
OLX is building an enduring business by striving to offer buyers and sellers flawless user experiences, through intelligent technology and convenient services.

The group is expanding monetisation in Russia, the UAE, Poland, Portugal, Romania and the Ukraine, deepening relationships with professional sellers through local commercial operations. OLX revenues have shown solid growth in the past years and this year the group returned a profit to Naspers, excluding investments in letgo.

OLX is enhancing product centricity. The group is applying machine learning and artificial intelligence to enhance the user experience, including features like image recognition and multi-language smart chat.

Three important acquisitions were made in the year: AutoTrader, the leading car vertical platform in South Africa, and Expat Wheels and Wecashanycar in the UAE. The latter two complement the group's local Dubizzle platform in offering a total of three car selling options designed to bring more convenience to buyers and increase revenue for sellers.

*One of the key distinctive strengths of OLX is that it is a global business that is extremely localised in each of its 41 markets.*



### Protecting intellectual property

OLX rigorously protects its intellectual property, notably the source code and domains that are at the heart of its global brand. This involves defending the assets across more than 40 countries.

We have a very active and successful team of IP experts (Naspers IP team and the domain office in Naspers) to monitor and act against any IP infringements.

For sharing of open source code, our developers are being trained by our Naspers head of IP and OLX general counsel to ensure that minimum standards are followed for sharing open source code and to ensure that we do not provide our proprietary code to the open source community. We encourage responsible open source code sharing, under licence, to ensure that our developers are engaged with the outside developer world. This increases our profile as a group among tech talent as an attractive place to work.

Across the group we protect our brand, domains and trademarks aggressively and we have seen great success in our efforts to reduce infringement.

We're defending intellectual property across more than 40 countries.

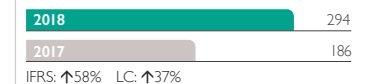


The group continues to invest in mobile apps for trading consumer goods, such as OLX and letgo, and adjacent cars and real estate vertical platforms to serve markets where there is a high level of maturity. By consolidating expertise into regional hubs, OLX increased efficiency and scalability while realigning investment levels to match opportunities in some local markets.

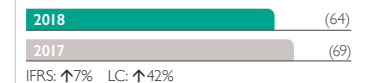
Across its markets, OLX is investing in and experimenting with innovative trading formats to use local market knowledge and solve customer problems. The group has started to operate a very popular payment and delivery service in the Ukraine, and continues to explore new verticals including Shedd for fast fashion and Tradus for heavy machinery.

## Payments

### REVENUE<sup>(1)</sup> (US\$m)



### TRADING LOSS<sup>(1)</sup> (US\$m)



#### Notes

<sup>(1)</sup> Presented on an economic-interest basis.  
LC = local currency.

### *PayU enjoyed healthy growth and is expanding its fintech offer*

With operations in 17 high-growth markets, five of which are among the top 10 fastest-growing payments markets globally, PayU is ideally positioned to benefit from the strong market opportunities.

In the year, PayU recorded healthy revenue growth shown above, driven by a 48% increase in transactions processed to over 650m. TPV exceeded US\$25bn, more than doubling in the last two years.

## Payments *continued*

PayU grew while containing costs in the core business, principally by achieving scale efficiencies. Consequently the trading loss as a percentage of revenue improved significantly – reducing to 22% from 37% last year.

It was also a critical year to transform PayU from a payments business into a broader fintech financial services business. PayU launched credit products in India and Latin America, invested US\$99m (and €20m in convertible loan funding) in Kreditech, a credit-scoring business, and US\$100m in Remitly, a technology-driven remittance business. PayU is partnering with both companies to deliver credit and remittance solutions in its key markets.

### Growing across fintech

It is an exciting time for PayU. Looking ahead, as well as continuing to grow the size and value of the payments business, PayU will also increasingly focus on other key fintech areas, notably credit, for example by offering quick and easy technology-based sources of funding to underbanked people.

### Enabling a borderless financial world

PayU's aim is to enable a borderless financial world in which everyone can prosper. To this end the company focuses on making sure payment transactions are frictionless across mobile and other platforms. This benefits both consumers and merchants.

Innovative technology, developed inhouse as well as through investments and strategic partnerships, empowers many people and merchants to buy and sell online, extending the reach of financial services.

The company is also working on increasing digital inclusion in other ways, for example access to alternative sources of credit. Technology can do a great deal to free up and improve the speed and convenience of lending to underbanked people who would make good use of funds if these were readily available.

PayU wants everyone to be able to prosper in a borderless financial world.



### SPOTLIGHT

**58%<sup>(1)</sup>**  
PayU revenue growth in 2018

**US\$ >25bn**  
PayU total payment volume in 2018

#### Note

<sup>(1)</sup> On an economic-interest basis.



### Protecting valuable assets

PayU focuses on protecting its valuable assets, notably its local payment platforms and data. The platforms are largely developed inhouse and are crucial to the company's performance and potential.

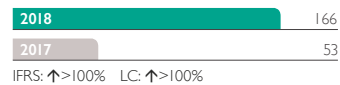
To protect assets, PayU has comprehensive risk management and internal controls in place ranging from increasingly harmonised platform development processes and governance to ethical hacking exercises and a continued focus on automation to facilitate standardisation.

PayU has comprehensive protection for its payment platforms and data.

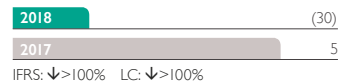


## Online food delivery

### REVENUE<sup>(1)</sup> (US\$m)



### TRADING (LOSS)/PROFIT<sup>(1)</sup> (US\$m)



#### Notes

<sup>(1)</sup> Presented on an economic-interest basis.  
LC = local currency.

We are continuing to build on our strong presence in online food delivery.

#### Delivery Hero

Delivery Hero is a leading online food-delivery company globally, operating in more than 42 countries and leading in 36. Delivery Hero is predominantly a third-party (3P) marketplace model, where its platforms arrange for restaurants to deliver food to users. But it also has a first-party (1P) marketplace model, where it provides the delivery services as well. Delivery Hero achieved 292m orders in the 2018 financial year.

#### Swiggy

Swiggy is a leading online food-ordering and delivery company in India, an underpenetrated but high-potential market. Swiggy has attracted over 18 000 restaurants to its platform and has earned strong consumer trust by delivering meals in an industry-best average of 35 minutes per order. It is India's fastest-growing food platform.

#### iFood

iFood, a subsidiary of Movile, is a leading online food-delivery platform in Latin America. In Brazil, iFood is the preferred destination for food delivery.

### SPOTLIGHT

**292m**  
Delivery Hero  
orders in 2018

**18 000**  
restaurants on  
Swiggy's platform



### Using cutting-edge technology to cut food-delivery times

iFood is using artificial intelligence and machine learning to reduce delivery times. Guided by the technology, bikes with margherita pizzas can be dispatched to neighbourhoods with high demand so they are closer to customers before the customers have actually ordered. As a result, they can deliver the pizzas far quicker – in 10 minutes, rather than 40.

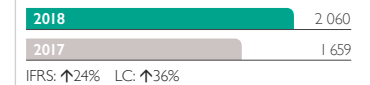
*This is an extensive market filled with opportunities and we are still early in the cycle of bringing technology to an important part of people's lives – eating at home and at work.*

Quicker delivery times mean happier customers; technology's the key.

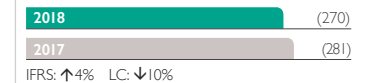


## Etail

### REVENUE<sup>(1)</sup> (US\$m)



### TRADING LOSS<sup>(1)</sup> (US\$m)



#### Notes

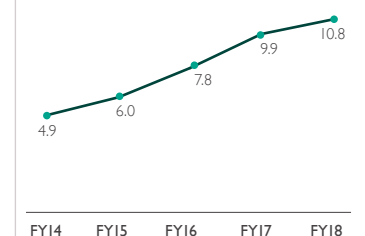
<sup>(1)</sup> Presented on an economic-interest basis.  
LC = local currency.

### Focus on electronic retail eMAG grew strongly across its markets

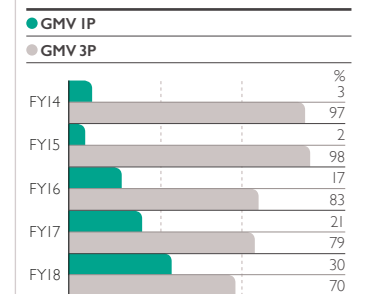
eMAG delivered another year of strong growth rates and high market shares in its key markets.

eMAG also performed well on strategic KPIs such as 3P marketplace share of GMV and units sold per active customer:

### UNITS SOLD PER CUSTOMER PER YEAR



### 3P MARKETPLACE SALES AS % OF GMV



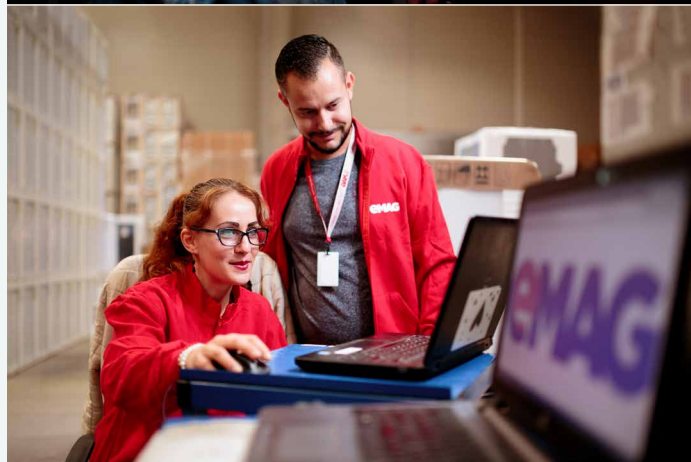


*Etail* continued**Attracting and retaining top talent**

Across the group we focus on attracting and retaining exceptional talent. At eMAG, for example, attraction strategies include rewards, ensuring market-competitive compensation, and specific talent-sourcing strategies such as hackathon events, university relations and graduate recruitment, internship programmes and employee referral programmes. Retention strategies include ensuring there are plenty of on-the-job development opportunities as well as specific high-potential talent-development initiatives.

The initiatives are proving successful, with eMAG being named the number one IT employer of choice in Romania in 2017.

In Romania eMAG is the number one IT employer of choice.



In addition, the Romanian business reached profitability, a milestone for eMAG. This was achieved by scale, enabling eMAG to increase margins, grow purchasing frequency and optimise operational efficiency.

eMAG continues to focus on increasing quality of service and delivery for customers and on controlling costs. eMAG bought its own courier company during the year and has started construction on building a 120 000m<sup>2</sup> warehouse.

**Flipkart**

In May 2018 the group announced the sale of its interest in Flipkart Limited – its equity-accounted eetail investment in India – to US-based retailer Walmart Inc. for US\$2.2bn. The transaction is subject to regulatory approval.

**Myntra also performed well, improving topline growth and EBITDA. Myntra's strong results reflect its higher private-label sales, greater buying power from increased scale, and cost savings from Myntra and Jabong's integration.**

**eMAG's fourth hackathon**

Each year eMAG holds a hackathon – 24 hours when coders unite to code something amazing, impress the judges and win great prizes. It's an excellent way to attract the best tech talent to a business with a strong focus on IP that likes to develop its own software.

This year each team had to build a project using artificial intelligence, virtual reality, augmented reality and internet-of-things technologies to address themes including:

- improving customer experience in eMAG showrooms or at home
- improving the payment method for the showrooms, web or mobile
- improving the buying experience on mobile, app or web, and
- improving delivery and warehouse logistics efficiency.

Sixteen teams competed and 24 hours later, winners were announced in the following categories:

- best hack
- most innovative project
- customer and user experience
- project with the best code, and
- most popular project.

To attract the best tech talent eMAG holds an annual hackathon.



## Etail continued

*Takealot continues to grow its business in a sustainable way. It is all about executing a well-made plan, focusing on growing the business and increasing margins and on becoming more efficient throughout its distribution and supply chain.*

### Takealot continued to grow as the leader in South African etail

As the market leader in South African etail, Takealot is well positioned to continue growing its business.

During the year we increased our effective stake in Takealot from 47% to 96% through two investments. In August 2017 we injected US\$74m into the business to fund ongoing operations. In December 2017 we bought out other shareholders at a cost of US\$128m.

### Optimising our etail portfolio

As part of our ongoing portfolio optimisation, we exited non-strategic etail assets Souq and Konga. In May 2017, Souq was sold to Amazon. In February 2018, Konga was sold to Zinox Technologies, a local Nigerian retail business.

#### SPOTLIGHT

**US\$ 2.2bn<sup>(1)</sup>**  
proceeds from sale of Flipkart

**No 1**  
Takealot is the leading etailer in South Africa

**Note**  
<sup>(1)</sup> Disposal is subject to regulatory approval.



### Recycling packaging? 100%!

One of the things that goes hand in hand with etail is packaging. It is an inevitable requirement for the protection of the products that customers buy and look forward to receiving. Takealot has taken on the challenge to make 100% of their delivery packaging recyclable. Not only the boxes they use, but also the padding material that safeguards customers' products. With this initiative Takealot aims to balance the needs of both customers and the environment.

All of Takealot's delivery packaging is now recyclable.



## Travel

#### REVENUE<sup>(1)</sup> (US\$m)



IFRS: ↑>100% LC: ↑21%

#### TRADING LOSS<sup>(1)</sup> (US\$m)



IFRS: ↑31% LC: ↑21%

#### Notes

<sup>(1)</sup> Presented on an economic-interest basis.  
LC = local currency.

### MakeMyTrip strengthened its leadership in India

Following its merger with goibibo the previous year, MakeMyTrip (MMYT) strengthened its leadership in the large, fast-growing Indian online travel agency (OTA) market.

MMYT continues to focus investment on the high-growth hotels segment. It plans to expand this market by bringing more customers online and increasing the transaction frequency of existing customers.

In May 2017 we contributed US\$132m of a MMYT US\$330m fundraising round, which also included Ctrip and other shareholders. This additional capital gives MMYT the resources to continue growing the online-travel market in India.

We invested an additional US\$23m during the year to maintain our relative shareholding.

## Ventures

#### REVENUE<sup>(1)</sup> (US\$m)



IFRS: ↑44% LC: ↑37%

#### TRADING LOSS<sup>(1)</sup> (US\$m)



IFRS: ↓25% LC: ↓17%

#### Notes

<sup>(1)</sup> Presented on an economic-interest basis.  
LC = local currency.

#### SPOTLIGHT

**No 1**  
MakeMyTrip is the leading Indian online travel agency

**US\$ 155m**  
Our 2018 additional investment in MakeMyTrip



## Ventures *continued*

Through Naspers Ventures we partner with local entrepreneurs to build leading technology companies in high-growth markets. We identify companies and founders with high potential and the ambition to scale globally. Our goal is to identify the next phase of growth for Naspers – identifying trends, technologies, segments and geographies that will experience significant growth in the coming decades and investing in the best opportunities we see there.

We evaluate consumer trends to understand engagement at a deep level and use this information to identify investment opportunities. We are currently focusing on a number of specific segments including edtech, healthtech and agtech. Within these segments, we have made investments in innovative companies with high-potential platforms, and we continue to look for more great opportunities.

We are targeting businesses that are addressing big societal needs, such as online food, education and health, where the right combination of technology and entrepreneurialism can disrupt for the better – driving down costs and driving up quality for consumers.

### Providing ongoing global support

We provide ongoing global support to all our Naspers Ventures companies. The support ranges from human resources, product and growth strategy, finance and M&A expertise, research, general counsel, to IP and communications. In addition, Ventures companies have the ability to tap into the resources of our global network of entrepreneurs and businesses across the group in 120 countries and markets. It's part of our long-term approach to increasing value in the businesses we back, on the way to building leading technology companies.

### Investing in edtech

We are backing a number of ventures to transform the way people learn around the world.

## In Poland 85% of all school kids access Brainly at least once a month.

### Brainly

Brainly is a social learning platform serving more than 110m students in more than 35 countries. Brainly assists students with an infinite number of school subjects, including maths, history, literature, coding and science.

### Codecademy

Codecademy is a vocational learning platform, with 45m people having taken courses to learn how to code. With more than 56% of registered users learning code to find a new job, Codecademy is helping people in every country around the globe to upskill and find better career opportunities.

### Udemy

Udemy is a global education marketplace for lifelong learners serving more than 20m students in 190 countries around the world. It combines a business model we know well, two-sided marketplaces, with a sector we are excited about. With 20 000 instructors teaching more than 65 000 courses, you can literally learn anything on Udemy.

### Movele

Movele is the top mobile commerce platform in Latin America, with over 100m users per month. Movele develops world-class mobile marketplaces and is a leader in B2C mobile app-based services in Latin America, including iFood and Sympla. A leading self-service ticketing platform in Brazil, Sympla is a one-stop shop for entertainment and events in Latin America. Movele is also ramping up its content distribution. It is one of the largest distributors of digital kids' content in the world.

### SimilarWeb

SimilarWeb provides digital market intelligence for online businesses. It measures and analyses millions of mobile apps and billions of webpages, providing insight into traffic flows and consumer behaviour to help companies make more informed management decisions.

#### SPOTLIGHT

**>110m**  
Brainly students

**45m**  
people have taken  
Codecademy  
courses

**>20m**  
Udemy students

**>100m**  
monthly Movele  
users

## Increasing awareness and respect

Movele runs a diversity awareness programme called Respect, which plays an active part in the company culture. The programme changes the way commemorative dates are celebrated and encourages discussions on gender equality, racism and religious tolerance across the company. In addition, Respect participants play a very important social role within the company, becoming a focal point for Movilians to seek support, share stories and address diversity subjects.

Movele is increasing diversity awareness through its companywide Respect programme.



## Social and internet platforms

#### REVENUE<sup>(1)</sup> (US\$m)

2018	12 281
2017	7 692
IFRS: ↑60% LC: ↑56%	

#### TRADING PROFIT<sup>(1)</sup> (US\$m)

2018	3 726
2017	2 761
IFRS: ↑35% LC: ↑33% *Restated	

#### Notes

<sup>(1)</sup> Presented on an economic-interest basis.  
LC = local currency.

### Tencent continued to excel in China

Tencent continues to perform well in a highly competitive and dynamic environment. Through its ecosystem of online services and the excellent management of Pony Ma and Martin Lau and their teams, it remains the largest platform operator in China.

For the year ended 31 December 2017, Tencent's revenues of RMB238bn were up 56%. Non-GAAP profit attributable to shareholders (Tencent's measure of normalised performance) grew 43% to RMB65bn.

Revenues from value-added services (VAS) increased 43% year on year to RMB154bn, with online games revenues growing 38% to RMB98bn and social networks revenue rising 52% to RMB56bn. Online advertising revenues rose 50% to RMB40bn. Other revenues (mainly payments and cloud services revenue) rose 153% to RMB43bn.

Tencent's Weixin platform strengthened its 'super-app' status, with monthly active users exceeding the 1bn mark in February 2018. The group maintained its leading position in the Chinese online games market and continued to grow its global presence.

Tencent's strong presence in social media and utility products drove healthy growth in advertising revenues from its various platforms. The group extended its leadership in mobile payments in terms of active user accounts and further expanded its presence in commercial transactions, with offline transaction volume more than doubling year on year.

Tencent is increasing its investment in select areas including video, payments, cloud, AI technologies and smart retail. The group remains committed to enhancing its development and innovation capabilities.

Tencent is listed on the Hong Kong Stock Exchange and extensive further information is available on its website [www.tencent.com](http://www.tencent.com).

### Mail.ru strengthened its position as Russia's number one internet group

Mail.ru remains the largest internet group in Russia by users, with 19m mobile daily active users (DAUs) across its platforms. Its leading platforms cover gaming, social networking, email, portal, search, instant messaging, ecommerce, business services, and maps. It is the top mobile app publisher in Russia in terms of both number of downloads and consumer spending.

Mail.ru's revenue for the year to December 2017 was up 34% to RUB57bn. Key revenue drivers were online games and advertising. Mail.ru's two largest games, Warface and War Robots, continued to perform well. The online games business continued its expansion internationally and across new platforms. International revenue accounted for over half of Mail.ru's online games revenues. Mail.ru continued to see good growth in advertising revenue, especially on mobile, benefiting from shifts in advertising budgets towards online and increased advertiser spending towards social networks.

Vkontakte, the most popular mobile messaging and social networking app in Russia, continued to perform well. Over the year, the number of newsfeed views increased 30%, and every day more than 9bn post views are generated.

Mail.ru continued to invest in new strategic areas such as esports and online food delivery in Russia. In January 2018, Mail.ru announced the acquisition of 100% of ESforce Holding, one of the largest esports companies globally.

Mail.ru's depository receipts are listed on the London Stock Exchange. Further information is available on its website [corp.mail.ru](http://corp.mail.ru).

#### SPOTLIGHT

**56%**  
year-on-year  
increase in Tencent's  
revenues

**19m**  
mobile daily active  
Mail.ru users

# Video Entertainment

We are building Africa's leading video-entertainment business. The key to our growth and success is to offer our customers great entertainment anywhere, anytime across platforms including digital terrestrial television, direct-to-home and subscription video-on-demand services.

## Highlights of the year



Total subscribers increased by 1.5m to over 13m households.



▶ Read more on page 42



We continued to implement our value strategy.



▶ Read more on pages 42 to 44



We invested heavily in local content.



▶ Read more on page 43



We continued to drive costs down.



▶ Read more on page 44

SUBSCRIBERS INCREASED BY

**1.5m**

year on year

TRADING PROFIT GREW

**29%**

24%<sup>(1)</sup> to US\$369m

Note

<sup>(1)</sup> In local currency excluding M&A.

WE NOW HAVE OVER

**13m**

subscribers across Africa

## Markets

### *We are facing increased competition from global and local players across our video-entertainment markets.*

Competition is increasing with video consumption on online platforms growing, and global players like Netflix, Amazon, Facebook and iFlix continuing to offer alternatives to our service in our territories. In addition, local streaming players like Kwese, Cell C Black and Vodacom VideoPlay have also emerged.

Aspiring direct-to-home (DTH) and digital terrestrial television (DTT) players continue to invest across Africa, notably StarTimes, Zap, Azam and Kwese. Free-to-air channels and analogue switch-offs in many countries are also creating further competitive pressure on our products.

*We performed well in the increasingly competitive world of video entertainment.*

## Performance

### REVENUE<sup>(1)</sup> (US\$m)

2018 3 680

2017 3 401

IFRS: ↑8% LC: ↑7%

### TRADING PROFIT<sup>(1)</sup> (US\$m)

2018 369

2017 287

IFRS: ↑29% LC: ↑24%

#### Notes

<sup>(1)</sup> Presented on an economic-interest basis.  
LC = local currency.

### A solid performance

Our video-entertainment segment once again produced a solid performance, with subscribers increasing by 1.5m and profitability growing 29% year on year. We now have over 13m subscribers across the continent. This reflects the success of the value strategy we have been implementing for the past two years where we have reorganised our channel bouquets to attract more subscribers as well as focusing on improving our systems and, in turn, our customer retention.

## Focus on South Africa

### Increasing subscribers

Despite a tough economic and uncertain political environment, we achieved subscriber growth of more than 500 000 and are now approaching 7m total subscribers.

### Increasing profitability

The trend of growth in the mass market continues, while our Premium tier is showing declining growth and the Compact tier is starting to stabilise. Due to this change in our customer mix, average revenue per user (ARPU) declined from R353 to R344 year on year.

### Enhancing products

We continue to enhance our product offering to deliver the best customer experience.

This year we repositioned the Extra Bouquet as Compact Plus, to define more accurately the product proposition and align with the naming convention in the rest of Africa. We offered Showmax free to Premium subscribers and discounted Showmax to R49 for Compact subscribers, resulting in excellent uptake. The DStv Now channel line-up was increased to match our satellite offering and high-definition SuperSport channels were also added.

## Launch of a dedicated satellite

Giving our customers uninterrupted viewing is not negotiable. MultiChoice's journey as a premier satellite broadcaster took a huge leap forward with Intelsat's launch of the IS36 satellite. The satellite launched from the European Space Agency's Guiana Space Centre in French Guiana on 24 August 2016. The satellite has an intended lifespan of 15 years, thereby providing adequately for MultiChoice's DStv roadmap until at least 2031.



Our dedicated satellite in space helps ensure uninterrupted viewing back here on earth.





## Focus on South Africa *continued*

### Keeping data secure

Irdeto has developed several solutions around encryption and key management.

Encryption allows information and data to be hidden so that it cannot be read without special knowledge, or a 'key'. To read the encrypted information a specific (secret) key is needed to decrypt the information. There are already many ways and standards to encrypt content and data, so that is not the challenge. However, what is extremely difficult is dealing with the complexity of issuing keys during the manufacturing process of devices, to distribute keys, to encrypt keys (with using other keys) and then to manage and revoke and redistribute new keys, eg when there is a hack.

Irdeto takes care of that challenge by implementing and managing mostly two-way systems where both ends send and receive data.

Irdeto is an industry leader in developing security building blocks to create secure key-based business systems such as Key Generation Technology to embed the master key in devices and servers; key distribution systems to ensure keys are only provided to legitimate business users; software protection technology; hardware protection elements; secure telemetry to identify potential breaches and many more. At the same time Irdeto supplies end-to-end security systems like Cloaked CA, which is the world's leading software-based conditional access system; Control, which is the most universal and powerful DRM licence system as well as KeyStone, which is an innovative connected vehicle access and usage management system.

Irdeto is an industry leader in keeping information and data secure.



Our online properties are gaining traction. To increase access to DStv Now, we have opened it to all bouquet tiers. Explora penetration, BoxOffice rentals and connected Explora connections also recorded good growth during the year.

We have also created a connected video division by combining our Showmax Africa and digital media operations to ensure we give adequate focus to online products moving into the future. Showmax International continues to build and grow our business in Eastern Europe.

#### **Serving our customers with top-quality content**

We successfully renewed key entertainment and sport rights, including the English Premier League (EPL), Premier Soccer League (PSL) in South Africa, UEFA Champions League (UCL), as well as the Discovery, Disney and Turner offerings. In addition, we secured key once-off properties such as the Conor McGregor vs Floyd Mayweather fight, which drew record viewership across platforms in the year. These successes allow us to continue to serve our customers with top-quality international content.

Our investment in local content is primarily through the Mzansi group of channels in South Africa and Africa Magic in the rest of Africa. Our efforts have been well received by subscribers, with our channels among the top performers in their peer group. We also launched a new channel, iMagic, to cater for the Premium local audience, anchored by a high-quality local telenovela – The River.

***We are investing heavily in local content – it is an important differentiator for us that our customers really appreciate.***

This year we also increased our offering of themed pop-up channels, which proved very popular with viewers.

#### **Managing regulations and reputation**

Our teams continue to engage and work with our regulators to shape our regulatory environment and limit adverse operating conditions. They also help to manage our reputational risk to protect our brand.

Concerns about MultiChoice South Africa's relationship with ANN7 and questions about how it lobbied government were raised in the media in November 2017. As a result, the MultiChoice audit and risk committees came together to assess: whether or not appropriate procedures were followed in relation to the ANN7 contract; the payments that were made by MultiChoice to ANN7; and whether or not there were irregularities in the submissions MultiChoice made to the Minister of Communications. After a thorough and comprehensive review the committees found no evidence of corruption or other illegal activity but did identify certain procedural shortcomings. MultiChoice South Africa accepted the findings and confirmed that it will address the shortcomings that were identified. Accordingly, MultiChoice South Africa will ensure that robust due diligence processes will always be followed for startup channels and that management highlights issues of controversy and reputational risk at the quarterly audit and risk committee meetings. Key issues will be brought to the MultiChoice South Africa board for further consideration, including how to formalise MultiChoice South Africa's lobbying process. In the absence of national guidelines on lobbying and interaction with regulators and government, MultiChoice management will develop guidelines for approval by the board. MultiChoice South Africa confirmed that it would not renew ANN7's current contract when it ends in August 2018. It confirmed there will be an open bid for a replacement local news channel.

#### **SPOTLIGHT**

### c7m

the number of video-entertainment subscribers in South Africa

### R344

average revenue per user

### Wide-ranging corporate social investment

#### **Social and relationship capital**

Across our video-entertainment segment we continue to contribute towards various corporate social responsibility (CSR) programmes – from the Magic in Motion Academy to SuperSport's Let's Play initiative. It's all part of our commitment to enriching lives across the continent.

Total corporate social investment spend totalled R60m in 2018.

#### **Project Thorn**

This programme helps stop crime, specifically human trafficking, with the use of Irdeto technology.

#### **MultiChoice Diski Challenge**

Amounting to R45m per annum, including rights, this multifaceted programme is aimed at developing football and broadcasting.

#### **Let's Play**

SuperSport's flagship social investment initiative, the programme is an implementation partner of school sport for the Department of Basic Education and is now active in thousands of schools nationwide, reaching over a million children annually.

#### **The Let's Play Schools Physical Education Challenge**

In partnership with the Department of Basic Education, Sport and Recreation South Africa, the Physical Education Institute of South Africa and Unicef SA, SuperSport launched the biggest school sport initiative of

its kind – the Let's Play Schools Physical Education Challenge – to celebrate reaching its 10-year milestone in 2016. The primary objective of this challenge is to reinforce the instruction of curriculum-oriented physical education and promote physical activity in all schools. Let's Play assists the Department of Basic Education with its school infrastructure project, together with partners Hitachi Construction Machinery and Builders. Eight multi-purpose artificial fields have been built at selected primary schools to date with another three to be built at beneficiary schools in 2018.

#### **M-Net Magic in Motion (MiM) Film and TV Academy and Career Expo**

Through MiM, CSI projects include an extensive internship programme, where young producers work with industry experts for hands-on experience. The MiM Career Expo was launched in August 2014. M-Net partnered with tertiary and financial institutions, as well as production companies, to give learners a complete view of the industry. Attendees were also made aware of the variety of jobs available in the industry, such as presenting, acting, camerawork and directing, giving them valuable insights from industry experts and practical exposure to several disciplines.

In 2018 our video-entertainment segment invested R60m across various CSR initiatives.



## Focus on the rest of Africa

Across the rest of Africa we continued our value strategy – focusing on accelerated subscriber growth across all bouquets while controlling costs.

### Improving products

We further improved our product offering with the successful launch of Compact Plus in Namibia, Angola and Mozambique and the launch of GOtv Max, a new higher-tier bouquet on our DTT platform.

### Reducing costs

We removed substantial costs from the business by renegotiating international content agreements or dropping non-performing content and reducing local football rights. We made further investments in new content formats and local productions. We have also focused on reducing overhead costs, despite inflationary pressures.

### Improving our customer journey

We continued to improve on key capabilities such as sales and distribution, retention and customer care, which are all geared towards improving our customer journey. We also continued to strengthen and build teams in growth areas of the business.

### Irdeto

Irdeto had another strong year with positive growth in revenues and profitability. To reinforce its product portfolio, Irdeto completed the acquisition of Denuvo, the number one supplier of anti-tamper and anti-cheat solutions to the video-gaming industry.

#### SPOTLIGHT

>13m

the number of video-entertainment subscribers across Africa

### Creating an outstanding green building for MultiChoice

MultiChoice City, based in South Africa and home to our video-entertainment segment, is 5-star Green Star-rated, a rating received from the Green Building Council of South Africa. The building offers a grey water reticulation system and heating and cooling systems and processes to trap and disperse natural light.

This 5-star rating was achieved by following the Green Building Council's matrix, with key points scored for:

- Management – building tuning, environmental management and waste management.
- Indoor environment quality – ventilation rates, air-change effectiveness and volatile organic compounds.
- Energy – greenhouse gas emissions, energy sub-metering, lighting power density, lighting zoning and peak energy-demand reduction.
- Water – occupant amenity water; water meters, landscape irrigation and heat-rejection water.
- Materials – use of environmentally friendly material.

Points were also scored for transport, land use and ecology, emissions and innovations.

MultiChoice's head office has a 5-star Green Star rating.



### Developing leadership and gender diversity

Across the video-entertainment segment, we have a number of established programmes to develop leadership abilities and competencies at all levels of seniority.

#### Empowering women

We implemented a Leading Women programme with the Gordon Institute of Business to develop women at a middle to senior management level.

Other initiatives include internal leadership development programmes, Women in Management, Business and Public Service (Wimbiz) and a women empowerment programme with the Lagos Business School.

We have submitted a five-year employment equity plan to the Department of Labour as part of our compliance to the Employment Equity Act.

This includes ensuring that all of our human resources policies, processes and practices support diversity and inclusion.

#### Managing talent

Our talent management framework helps in the implementation of succession planning and the employment of women in senior roles.

We also have affiliations with LGB Tech and Women in Tech as part of our commitment to promoting recruitment diversity.

Our video-entertainment segment has a number of leadership and gender diversity programmes.



# Media

*In our media segment, Media24 is building communities through content, technology and commerce. We are focusing on building a more diversified media player with market-leading mobile content and a portfolio of ecommerce solutions, including efashion, efulfilment and online job classifieds. This will enable Media24 to capitalise fully on rising mobile internet connectivity across the continent as well as on South Africa's growing online retail sector.*

## Highlights of the year



Media24 (excluding Novus) revenue was flat at US\$374m.

**MEDIA24**

▶ Read more on page 46



Online fashion store Spree achieved topline growth of 49%.

**spree**  
CO.ZA

▶ Read more on page 46



24.com achieved double-digit year-on-year revenue growth.

**news24**  
Breaking News. First.  
**careers24**  
Get a career you can be proud of.

▶ Read more on page 46



The larger portion of Media24's investment in Novus was unbundled.

**novus holdings**

▶ Read more on page 48

MEDIA24 (EXCLUDING NOVUS)  
REVENUE WAS FLAT YEAR ON  
YEAR AT

US\$  
**374m**



## Markets

### We are navigating a competitive and fast-changing market

Media markets remain highly competitive and fast changing. Revenues in traditional media streams are under pressure whereas digital and technology changes create great opportunities for players with the resources and drive to adapt.

## Performance

### REVENUE<sup>(1)</sup> (US\$m)

2018	507
2017	588
IFRS: ↓14% LC: ↑1%	

### TRADING PROFIT<sup>(1)</sup> (US\$m)

2018	3
2017	19
IFRS: ↓84% LC: ↓>100%	

#### Notes

<sup>(1)</sup> Presented on an economic-interest basis.  
LC = local currency.

### Media24

#### Growing ecommerce and news

Online fashion store Spree outperformed revenue expectations with topline growth of 49%. Nearly 50% of sales came from mobile devices.

Spree also launched visual search functionality and won the African customer experience award for innovation.

24.com achieved double-digit year-on-year revenue growth and increased daily average unique browsers by 6% year on year and pageviews by 9% during the period.

The News24 app's engagement reached all-time highs in the financial year.

*As the competition and speed of change in media markets continue to rise, we are adapting our businesses for success.*



### Investing in social and relationship capital

Media24 aligns its strategic corporate social investment (CSI) with core business interests to enhance stakeholder relations and build its profile as a good corporate citizen.

#### Training tomorrow's journalists

Through its flagship CSI programme, WeCan24, Media24 equips young people with digital journalism skills. Young people learn how to use digital technologies to research and produce news and information. During the year, nearly 2 000 young people were trained at 350 schools and more than 2 000 articles were published on the WeCan24 platform. Going forward, the WeCan24 platform and programme will have a stronger digital focus. Face-to-face training is being converted into a Massive Open Online Course (MOOC) that will enable young people everywhere to access the material at any time. They will be able to learn writing and research skills via an accredited digital journalism course. The plan is for the programme to be self-sustaining by becoming a training conduit for partners who pay to use the platform.

#### Working with governments

Media24 is working on two strategic agreements with governments. A partnership with the Gauteng provincial government will provide training opportunities in digital, communication and entrepreneurship to unemployed youth via the Tshepo One Million programme. A partnership with the Western Cape government's Premier's Advancement of Youth (PAY) programme has enabled Media24 to include internships for youth with its enterprise development partner, Mikateko Media.

Media24 is helping to train the next generation of digital journalists.



## Performance *continued*

### Network24

6 months.  
32 engineers.  
30 stakeholders.  
113 standups.  
689 tasks logged.  
7 232 cups of coffee.

This is what it took to integrate Media24's digital lifestyle properties into Network24, the subscriber-based home of Afrikaans content. Designing one home that would feel right for each of the brands, and which their audiences would want to pay for, was no mean feat. The small team ran six key projects in six months – app content integration, site designs and rebuilding, print content, payroll enhancement, emagazines, and rebranding. Through innovation, creativity and exceptional collaboration, the team achieved what had seemed like an impossible task. Subscriber numbers are up significantly and the team is applying the lessons they learnt along the way to their next project.

#### On the Dot

In South Africa we have a tradition of volunteering '67 minutes for Madiba' on Mandela Day, honouring the life and work of the late President Nelson Mandela. Rika Swart, general manager of On the Dot, Media24's distribution business, challenged her team to do 67 good deeds for Madiba by the end of July. Despite working to tight schedules and deadlines, with the constant pressure to do more with less, the team embraced the challenge bravely, pulling on their overalls to repaint schools, feed the hungry through soup kitchens, care for the elderly and many other initiatives. By the end of July, the team had volunteered for 72 separate initiatives. They made a difference, and inspired themselves and the rest of Media24. But the story doesn't end there. Their heart and courage carried the team through tough times a few months later: they went through a restructuring process that affected the whole middle management team. And yet, their engagement scores have never been higher.

Media24's distribution business On The Dot performed a variety of good deeds on Mandela Day – 72 in all.



### Preparing for a potential water crisis

South Africa has recently declared a national disaster due to severe drought conditions in several provinces. The Western Cape province is a particular concern as it is experiencing its worst drought on record. The City of Cape Town disaster management plan called for Day Zero to be implemented when dam levels reach 13.5%. On Day Zero the water reticulation system to most areas in the city will be turned off and residents will need to collect their quota of 25 litres per person per day at 200 distribution points across the city.

At Media24 and other Naspers businesses in Cape Town, we have been preparing for a potential water crisis identified by the government by implementing water-saving and resilience initiatives, running awareness campaigns, and developing plans to work differently in the event of Day Zero.

Our South African businesses are well prepared for a severe water crisis.



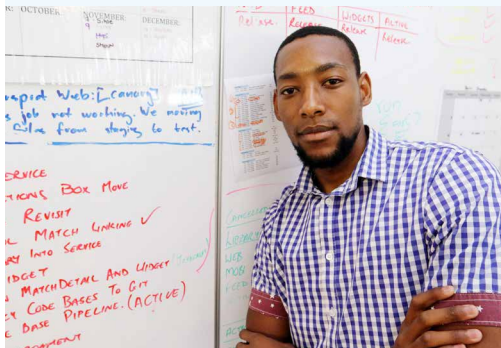


## Performance *continued*

### Data-driven engineering

At Media24 we employ only the best – and we seek out talent that will raise the bar and challenge us. Some of the new appointees to our 24.com engineering team include an actual rocket scientist, and a PhD biochemistry graduate – not traditional skills in the media business, but critical to our data-driven approach.

Media24 seeks best talent – raising the bar and challenging us.



The migration of our Afrikaans lifestyle titles to Netwerk24 on 1 November 2017 showed promising early results, with a solid increase in subscribers. Netwerk24 is the largest digital subscription news destination in South Africa.

### Posting positive results in print media

Our print media, book publishing and distribution portfolio posted excellent results. Better than expected advertising revenue, the phenomenal success of The President's Keepers (Jacques Pauw's best-selling exposé on President Jacob Zuma, published by NB Publishers), good textbook orders and strict cost management all contributed.

### Playing our part in investigative journalism

Investigative journalism in South Africa is flourishing, exemplified by the success of The President's Keepers. The #Guptaleaks team, included 24.com investigative journalists Pieter-Louis Myburgh and Angelique Serrao, won the Vodacom Journalist of the Year award for their series of revelations on state capture. At the Standard Bank Sikuvile awards, Suzanne Venter won the investigative journalism award and SA story of the year for her work on the Life Esidimeni story.

### We are immensely proud of our award-winning investigative journalists

### Unbundling Novus Holdings

Effective 26 September 2017, the majority of Media24's investment in Novus Holdings Limited was unbundled via Naspers, in accordance with the Competition Tribunal's merger approval condition. Post unbundling, Media24 retained a 19% investment in Novus (down from a pre-unbundling shareholding of 66.5%). Since 30 September 2017, the investment in Novus is carried as an available-for-sale investment and its results are no longer consolidated on a line-by-line basis.



### Optimising distribution across the business

Any media company knows machine learning (ML) and artificial intelligence (AI) are integral to its tech and product suite. Media24 embraced this by launching apps based on ML and AI in FY18. Our aggregator and personalised app suite now include News24 Edge, a personalised version of flagship online title News24, as well as soccer aggregator Daily Kick, general news aggregator Sliced and Nigerian news aggregator Bounce. Spree, our efashion business, also piloted an AI-powered visual image search functionality on its app whereby shoppers can upload pictures of clothing they like and then view similar items for sale on Spree. It was the first of its kind for efashion in Africa. News24 Edge was named the top mobile news service by the World Publishing Expo and the World Association of Newspapers and News Publishers, while Spree won the prestigious African Customer Experience Innovator Award for its image search functionality.



Media24 embraced ML and AI launching News24 Edge.



# Our people

At heart, we are entrepreneurs. We focus on attracting the world's best talent to build leading companies that empower people and enrich communities through outstanding products used by millions of people every day.

Talent, particularly in the fields of ecommerce, technology and engineering, is scarce globally. As such, being seen as an attractive and meaningful place to work is key to our strategy.

## PERMANENT EMPLOYEES

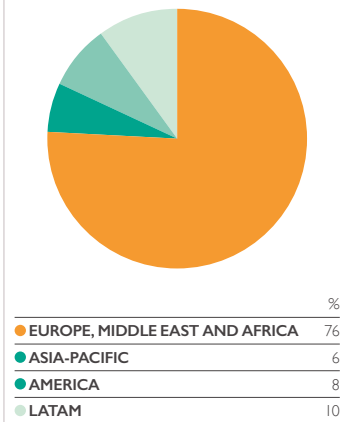
# 24 887

During the year we brought fresh talent into the group at all levels and strengthened our focus on people across the organisation, providing new opportunities to existing employees. The group employs 24 887 (2017: 25 000) permanent employees in some 120 countries and markets.

### We empower

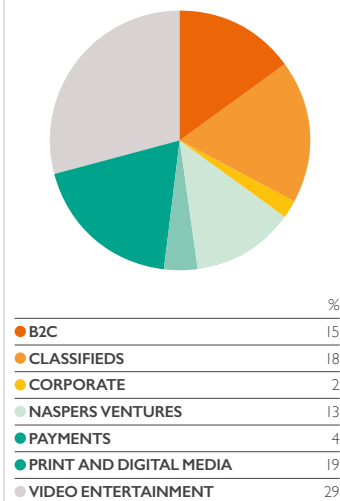
We back local teams and learn from each other. We encourage diversity in our teams and in our thinking. Our people are empowered to be responsible and make decisions because we trust them to do a great job. We believe in them and we want them to share their talent and expertise across the group. Through MyAcademy (the offline and online learning environment for the group) and local learning and development initiatives, we invest in our people so they can build their skills, their expertise and ultimately, their careers.

## HEADCOUNT BY REGION



\*Excludes associates and joint ventures.

## HEADCOUNT BY BUSINESS SEGMENT



\*Excludes associates and joint ventures.

Each year we organise internal networking and learning events to bring together teams and communities of expertise, often from across the group, to share ideas and learn from internal and external experts.

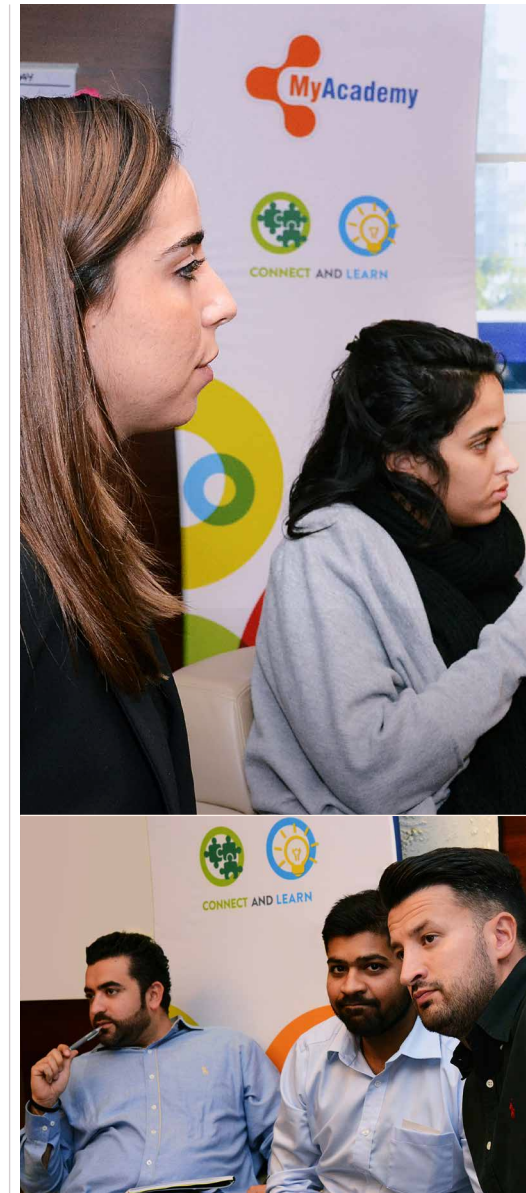
### We perform

We push for performance in everything we do, and we link achievements and rewards. We agree on clear and ambitious goals, have continuous conversations about achieving even more and reward our people for what they deliver and how they deliver it. We encourage innovation from all our people. To attract and retain the skills on which our sustainability depends, and to reward superior performance, most of our group companies grant share options/share appreciation rights to their employees under a number of long-term incentive plans.

### We matter

We matter to the communities we serve and, wherever we operate, we hold ourselves to high standards. Our code of business ethics and conduct defines our commitment to conducting business fairly, ethically and with integrity. This code and related policies are communicated to group employees and are available on [www.naspers.com](http://www.naspers.com).

Many of our companies invest in corporate social responsibility programmes and we encourage our people to support these by investing their time. Wherever we operate we employ local people and we create supportive, flexible and pleasant environments to help them perform at their best while developing their skills. We focus on the ongoing development of our managers, as creating an environment where our people feel cared for, heard and supported in their ambitions, is ultimately in their hands. Together we are all responsible for the positive impact we have on our stakeholders.



## MyAcademy

We launched our online and offline learning environment, MyAcademy, in September 2016 and this year more than 20 000 people accessed content on MyAcademy online. MyAcademy online offers the very best online learning content from global providers such as Udemy, Big Think, Harvard Business School, Codecademy, Ready, Vado, and Rosetta Stone. Our MyAcademy classroom-based programmes offer our people the opportunity to grow their leadership skills regardless of where they are in the world. We also focus on developing key functional skills in the areas of technology, sales and business development, finance, law and human resources. This year more than 1 500 people attended such programmes.

During the year ended March 2018 active learners from around the group had consumed more than **26 000** online lectures and engaged in more than **43 000** hours of training on this platform.

Through MyAcademy, our people can tap into online learning.



## Our people

continued

### People development

Developing our talent is a critical enabler of present and future success, as well as playing a role in the motivation and retention of our people. Most of our businesses around the world have a learning and development agenda focused on their own specific needs. This is influenced by factors such as what the business is aiming to achieve, the maturity level of the business, the opportunities and challenges it is tackling, its competitive landscape, and the demographic nuances of the region or countries where it operates. At group level we base our people development focus on four key areas:

- Reinforcing the leadership pipeline and accelerating the growth of top talent.
- Driving a performance culture.
- Supporting the ongoing development and growth of our businesses and equipping our people with new skills for tomorrow.
- Developing core business skills in ecommerce, video entertainment and media.

We believe happy and engaged employees create fantastic customer experiences and in a competitive global talent market, it's important that we provide our people with a compelling place to work. We measure employee engagement across the group and we ask our people to comment anonymously on their experience of working at our various group companies. We have seen engagement levels broadly in line with external benchmarks and our operating teams are working on addressing issues raised and sharing best practice with one another.

### Quotes from employees using our learning platforms:

*"MyAcademy has been really very helpful for understanding marketing and writing skills in depth. The learning platform has a huge range of customised courses which intend to impart quality learning. Be it barging on traditional yet evergreen content practices or latest google analytics trends, MyAcademy has supported my industrial growth 15 times. The profound teaching of the instructors on the platform is very useful and easy to grasp everything. Glad to be a MyAcademy student!"*  
Kinjal Shah – content marketing – PayU India.

*"MyAcademy has increased my appreciation of my work. I have a firm grip of areas like database, team building, leadership, customer service and finance. I now stay abreast of trends in my discipline. What's most exciting is that I can access any course with just one click without paying a dime. I now have confidence to face the future and I look forward to completing many more. I will forever remain indebted to MultiChoice."*  
Vincent Ekow Quansah, training administrator MultiChoice Ghana.

*"Dear MyAcademy, Thanks for making me a part of this programme. This is definitely going to help me in achieving my career goals. I have already implemented some learnings, as mentioned below, in my day-to-day life and this is helping me handling the situations in a very effective way."*  
Hitesh Chawla, area sales manager, OLX India on leadership fundamentals programme.

*"Our ever-changing environment requires everyone to be able to pick up new abilities effectively. Over the course of my time using MyAcademy, I've been able to take a look at resources that are needed for my day-to-day activities, ranging from software engineering to leadership and compliance. Every time I desire to learn something new using a structured approach, MyAcademy is the first place I look for information."*  
Santiago Vargas Baldrich, technical leader – machine learning, LatAm.

### Occupational health and safety

The health, safety and wellness of our people are critical, given that our growth depends on their skills. For Naspers, employee wellness is key to organisational sustainability. Accordingly, we care for our employees through multiple initiatives, understanding that a healthy and resilient workforce is essential to support the changes our business is navigating. Health and safety is one of the standard risks considered and assessed in our risk management framework. Businesses are required to report on any health and safety-related incidents. Any reported matter gets reviewed by the group's governance committee that meets quarterly. In 2018 no reports of serious injuries sustained by employees while on duty were reported.

### Transformation and diversity

We back local teams and learn from each other. We encourage diversity in our teams and in our thinking. Our people are empowered to be responsible and make decisions because we trust them to do a great job. We believe in them and we want them to share their talent and expertise across the group.

Naspers contributes to workplace transformation and diversity through:

- Gender equality and leadership development initiatives. This is a founding principle of all development initiatives, especially in areas where there is an imbalance (eg women in technology). Learning programmes include specific modules to communicate effectively across culture, gender and age, both locally and when representing the group abroad.
- A global talent function, with experienced recruiters in key regions and the ability to design competitive reward packages.
- Attracting and retaining the skills on which our sustainability depends. We pay for performance and to reward superior performance, most of our group companies offer performance-related incentives, including long-term incentives such as share options/share appreciation rights to their employees.
- Developing our talent. This underpins our success by motivating and retaining skilled people. Most of our businesses around the world have a learning and development agenda focused on their specific needs and markets. Training expenditure for the reporting period totalled US\$17m.

Naspers respects the dignity and human rights of individuals and communities wherever it operates. We aim to make a positive and enduring contribution to the social and economic development of South Africa, and recognise the role we can play by leveraging our resources and the goodwill of our employees. Naspers has maintained a level 3 BBBEE status and remains committed to managing our transformation efforts in South Africa.

### Employment equity

For a breakdown of the MultiChoice and Media24 groups' annual employment equity statistics, refer to the corporate web sites, [www.multichoice.co.za](http://www.multichoice.co.za) and [www.media24.com](http://www.media24.com), respectively.

### Naspers Information and Communication Technology (ICT) Code scorecard

Element	Target score	Bonus points available	Bonus points achieved	Actual score achieved 2018
Equity ownership	25	0	0	19.85
Management control	13	0	0	6.98
Employment equity	10	0	0	4.83
Skills development	20	5	2.59	18.01
Preferential procurement	25	2	2	21.10
Enterprise and supplier development	25	3	3	28
Socio-economic development	12	0	0	12
Total score	130	10	7.67	110.73
Performance (%)			76.67%	
BBBEE rating				Level 3
Priority elements achieved				Yes

Independent BBBEE verifications were performed for the above period.

For further details on MultiChoice's and Media24's BBBEE scorecards, refer to the corporate websites, [www.multichoice.co.za](http://www.multichoice.co.za) and [www.media24.com](http://www.media24.com), respectively.



# Financial review

## Financial summary

	2018 US\$m	2017 US\$m	2016 US\$m
Revenue <sup>(1)</sup>	20 097	14 562	12 224
Trading profit <sup>(1),(2)</sup>	3 403	2 322	2 150
Dividend per N ordinary share (SA cents) (2018 reflects dividend proposed)	650	580	520
Development spend <sup>(1)</sup>	956	1 084	961

### Notes

<sup>(1)</sup> Reported on an economic-interest basis.

<sup>(2)</sup> Prior periods restated for the group's change in calculation of core headline earnings and trading profit regarding Tencent's digital content amortisation.

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) as ecommerce – particularly the classifieds, payments and travel businesses – improved profitability. Tencent's strong performance contributed to the trading profit acceleration.

Consolidated revenue (excluding equity-accounted investments) was up 9% (15%) to US\$6.7bn as ecommerce continued to scale. Ecommerce revenues grew 15% or 32% in local currency and adjusted for the impact of acquisitions and disposals (including Allegro and Netretail). Group consolidated trading loss was US\$41m – a marked improvement on last year.

Development spend – reflecting the trading losses of businesses yet to reach scale – continued the downward trend reported in September 2017. Consolidated development spend was down 17%, when measured in local currency and excluding acquisitions and disposals, as the ecommerce business improved their profitability and scaled. Development spend decreased across several units, including Showmax and letgo, partially offset by additional investment to further expand Movile's iFood business. When the US\$271m invested in consolidated newer initiatives (including letgo and Showmax) is excluded, development spend on older investments decreased 8%.

Our share of the results of equity-accounted investments (associates and joint ventures) was US\$3.3bn – up 79%. This includes once-off gains of US\$692m and impairment losses of US\$159m recognised by these companies. Equity-accounted investments contributed a combined

US\$3.0bn to core headline earnings, an increase of 45%.

Several notable transactions were concluded during the year. We distributed the majority of our interest in Novus in September 2017, recognising a loss on disposal of US\$145m. Following the Tencent share sale (as discussed earlier), we recorded a gain on disposal of US\$9.1bn. The participation exemption in South Africa, which prevents double taxation, applied to the sale itself, but any future distributions to shareholders and accretion in value from investment will be taxed in the hands of shareholders at rates of 20% or sometimes more, as applicable.

Naspers and its South African subsidiaries paid and collected a total of US\$769m on behalf of the tax authorities for the 2018 year, making us one of the largest taxpayers in South Africa. We also contribute significantly to employment and tax revenues in several countries.

### CONSOLIDATED ECOMMERCE REVENUES GREW

32%<sup>(1)</sup>

### CONSOLIDATED DEVELOPMENT SPEND DOWN

17%<sup>(1)</sup>

### Note

<sup>(1)</sup> In local currency excluding M&A.

Net interest expense on borrowings was US\$122m, down 14%, due to lower use of credit facilities and the lower 4.85% coupon achieved on the US\$1.0bn bond issued in July 2017. Following the disposal of Tencent shares, Naspers had net cash of US\$8.2bn at 31 March 2018.

We changed our accounting policy on put option liabilities during the year. An aggregate remeasurement loss of US\$252m was recognised in the income statement on these liabilities during the year and, at 31 March 2018, total put option liabilities were US\$2.4bn.

Consolidated free cash outflow was US\$242m with working capital movements, particularly the video-entertainment business's prepaid content rights renewals, having a significant impact. These effects were partly offset by dividend income of US\$247m from Tencent and improved profitability in the video-entertainment and ecommerce units.

### Dividend number 89 (all figures in South African cents)

The board recommends that the annual gross dividend be increased by 12% to 650 cents (previously 580 cents) per listed N ordinary share, and 130 cents (previously 116 cents) per unlisted A ordinary share. If confirmed by shareholders at the annual general meeting on Friday 24 August 2018, dividends will be payable to shareholders recorded in the books on Friday 14 September 2018 and paid on Monday 17 September 2018. The last date to trade cum dividend will be on Tuesday 11 September 2018 (shares trade ex dividend from Wednesday 12 September 2018). Share certificates may not be dematerialised or rematerialised between Wednesday 12 September 2018 and Friday 14 September 2018, both dates inclusive. The dividend will be declared from income reserves. It will be subject

to the dividend tax rate of 20%, yielding a net dividend of 520 cents per listed N ordinary share and 104 cents per unlisted A ordinary share to those shareholders not exempt from paying dividend tax. Dividend tax will be 130 cents per listed N ordinary share and 26 cents per unlisted A ordinary share. The issued ordinary share capital as at 22 June 2018 was 438 656 059 N ordinary shares and 907 128 A ordinary shares. The company's income tax reference number is 9550138714.

### OUR SHARE OF THE RESULTS OF EQUITY-ACCOUNTED INVESTMENTS (ASSOCIATES AND JOINT VENTURES) WAS

US\$3.3bn

### Summarised consolidated annual financial statements

The summarised consolidated annual financial statements appear on pages 92 to 109. The complete consolidated annual financial statements for the year ended 31 March 2018 are available on our website, [www.naspers.com](http://www.naspers.com).



# Managing risks and opportunities

*At heart, we are entrepreneurs. Within the parameters set by the board, we continuously pursue growth, and set ourselves ambitious goals that create sustainable value for our stakeholders. We actively seek opportunities to improve and strive to preserve the value created within our existing businesses.*

The world around us evolves at a whirlwind pace. We understand that our success depends on how well we navigate the uncertainties and risks we face and seize the opportunities we encounter.

While standards and frameworks are helpful, no risk management system or combined assurance model is able to give us absolute certainty that we fully understand – and will be effective in managing – all risks posed in meeting our objectives. We have experienced failures in the past and will likely do so in the future, given the residual risk we tolerate in pursuit of growth.

## How we manage and govern risk

We promote a culture in which robust risk and opportunity management processes are seen as a means to create competitive advantage. They are therefore integrated into our everyday decisionmaking and good governance practices.

## Responsibility

Management and the board are accountable for the choices and decisions we make, how we execute these and for delivering a commensurate reward – ie value in its broadest definition – within the parameters of the risk profile the board deems acceptable. The responsibility for managing risk lies with the owner of

risk: in most cases operational management, assisted by the finance function and, where considered useful in our businesses, specialised risk management and risk support functions.

Group internal audit and risk support assesses the effectiveness of the system of risk management and internal control and may provide assistance and guidance to the business.

## The board's role

The board is kept updated on key risks and any developments and ensures that adequate levels of assurance are provided on the residual level of significant risks versus their set tolerance levels. This is done through a combination of internal sources and independent assurance providers, including internal audit and risk support and external auditors.

The board is assisted by various committees who are tasked with oversight and decisionmaking for our group.

An internal governance committee assists the board committees and ensures complete and adequate reporting. We have several policies and charters governing the process and responsibilities.

## Analysing and responding to different risks

Our businesses are expected to apply a structured approach to identifying, assessing, analysing and responding to risk and opportunities within tolerance levels set by the board.

Our risk analysis focuses on the impact of risk on our objectives without losing sight of any opportunities that may arise. Consideration is given to our key risks in relation to their impact on effectively and efficiently transforming capitals (ie the six-capital transformation model) to ensure value for all stakeholders.

For risks we are not prepared to tolerate, we take action to reduce our vulnerability. Depending on the importance of the risk in relation to tolerance levels, active management of the risk takes various forms and varies in extent. We operate or implement enhanced control and monitoring measures that either prevent or detect the materialisation of a risk at the earliest stage. We take measures that mitigate any material consequences and on a portfolio basis, we spread uncorrelated risks.

Where we can, we explore ways to share or transfer risk. We run adequate insurance programmes to mitigate the risk of sudden losses caused by the materialisation of insurable risk. Wherever we find a risk outside acceptable levels, we consider ways to avoid the risk altogether, for example by entering into an exit strategy.

## Drawing on best practice

Our risk management framework, system and processes draw on internationally recognised best business practices and frameworks. We promote the sharing of knowledge and learning on issues and good management practice between businesses within the group.

The Naspers board approves the risk committee charter, and risk management policy. For management at group and subsidiary level, our policies provide direction, scope and ambit to apply practices and principles to manage risk and opportunity, both operationally and strategically. The risk committee assists the board to ensure that risk is governed in a way that supports the group in setting and achieving its strategic objectives.

All our group policies aim to govern the elements of the six-capitals transformation model in a broad sense and we acknowledge that by nature we transform, impact or influence more than one capital and manage our risks accordingly. Our charters and policies

mitigate the inherent risks related to these spheres. All board committees assist the board in governing risks across the various capitals.

## Creating sustainable value

We consider the broad definition of value as financial, social and environmental sustainability – reflected in the six-capitals model. As we execute our strategies, we continuously transform these interdependent capitals, with the value we create (or destroy) being evident as a positive or negative impact across the capitals.

We believe value is determined by our potential to perform in future (our ability to have a net positive impact on our capitals) and by performance itself

(concrete net capital creation over time). We address both in developing our strategies. In building potential and delivering performance, we transform various capitals, and our strategic and operational decisions therefore aim to maximise production (our output per capital) while minimising our use of each capital (input) for optimal value creation.

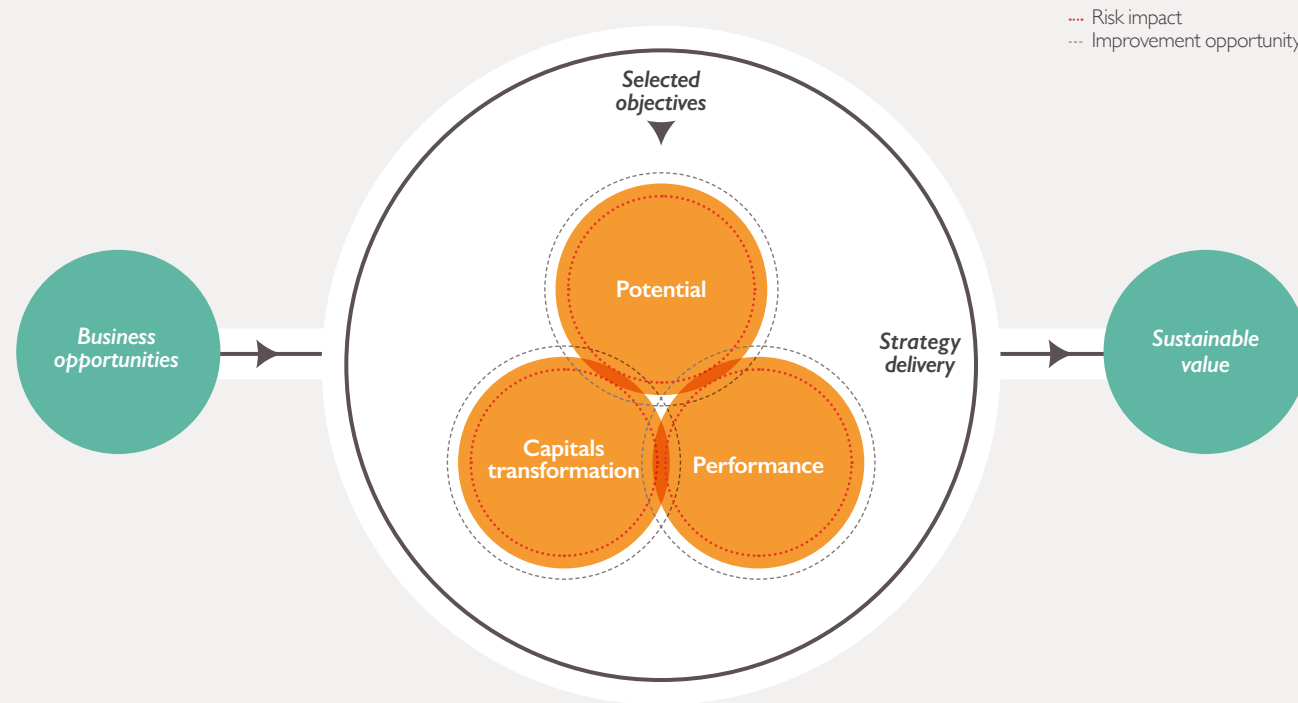
Balancing our inputs and outputs results in the outcomes that are the essence of value creation and the foundation of our goal-driven, dynamic opportunity and risk framework.



## Managing risks and opportunities

continued

### Dynamic approach



### Our six capitals



Financial capital



Human capital



Manufactured capital



Intellectual capital



Social and relationship capital



Natural capital

### Our objective-driven dynamic approach

Our overarching aim is to transform our capitals for a net positive impact. This approach gives rise to various risks, specifically over-using any of the six capitals (higher input than intended) or under-producing (lower output than intended). We may also identify opportunities for greater efficiency (lower input than anticipated) or more effective production (higher output than anticipated) in any of the capitals and therefore exceed against our original objectives. This can translate into wasted resources.

Creating sustainable value is a continual process of balancing available resources for optimal benefit to our entire stakeholder base.

### Our way of viewing risks and opportunities

In the face of uncertainty, risks may impact on our goals and objectives in multiple ways but, equally, opportunities may arise, allowing us to do better than the targets we have set. These risks and opportunities can be considered as potential negative and positive deviations from our goals and objectives. In our view, we can create competitive advantage through the opportunities we identify and select to pursue, and through the way we assess, manage and accept risk. It is a strategic approach to risk and opportunity.

For our stakeholders, opportunities and risks matter most where they have the greatest impact on value in its broadest sense. Therefore, we select opportunities and assess, manage and accept risks primarily on the basis of their potential impact on determined value drivers.

Management and the board are accountable for choices and decisions, how we execute these and for delivering a commensurate reward – value in its broadest definition – within the parameters of the risk profile deemed acceptable by the board. Accepting risk is therefore at the heart of our decisionmaking processes. We set relevant tolerance levels for each significant risk individually and manage our business within these parameters. We understand that certain risks may have multiple consequences and that a certain consequence may materialise from different types of risk. The same applies to opportunities.

## Managing risks and opportunities

continued

### Key areas of focus in the year

Our key focus areas this year included:



#### Right-sizing the video-entertainment business

We have embarked on a programme to optimise the structure and operations of our video-entertainment businesses to ensure sustainability and readiness for further growth.

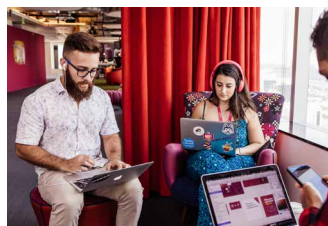
▶ Read more on page 42



#### Responding to the Cape Town water crisis

We developed a focused response plan to ensure business continuity at our Media24 business regarding the water crisis in the drought-stricken Southern Cape region of South Africa, including ready-to-use planning for extreme severity.

▶ Read more on page 47



#### Monitoring the effectiveness of risk and opportunity management

We undertake various actions to monitor the effectiveness of our risk and opportunity management system and processes, and address outcomes.

Our internal audit and risk support group function conducts a number of risk-based audits in line with an annual audit plan approved by the audit committee. Risks and internal control weaknesses or governance-related findings are discussed with senior management and the chief executive and CFO of our business. Risk information is also discussed with the risk committee at least twice annually when the committee meets. Action items are communicated to management for corrective responses or control redesign where applicable, and follow-up reviews are scheduled where required.

▶ Read more on pages 55 to 57



#### Cybersecurity

Our (newly implemented) cybersecurity policy addresses security monitoring and response to cyber-incidents. Our larger businesses monitor their internal network using security operations centres. We have implemented a platform to share threat intelligence across the businesses. Many of our businesses have active responsible disclosure policies, which reward researchers that identify vulnerabilities on our platforms. We have set up an initiative to improve our response capabilities, through a cyber-incident response team. Some of our payments businesses are Payment Card Industry Data Security Standard (PCI-DSS) compliant. These standards include relevant requirements for confidentiality, integrity and availability of information.

Compliance with relevant information and technology laws forms part of the legal compliance programme.

Data privacy has been identified as a high-priority area and our privacy initiative is led by our group head of data privacy. Our cybersecurity policy also sets standards specifically for dealing with data privacy.

▶ Read more on page 66

### Future focus areas

For the near future we do not foresee that the key focus areas will become less relevant. In addition to these, we expect that the following topics will demand growing attention:

#### Data-driven technologies

As our businesses place greater emphasis on opportunities to enhance our services and customer experience through the development and deployment of data-driven technologies (such as machine learning and artificial intelligence), we need to understand and effectively manage the emerging risks that present themselves as a result. Such risks may relate to privacy and compliance in connection with the use of (big) data, but also the control over and consequences of transferring decisionmaking to what sometimes popularly is referred to as 'the black box'.

#### Sustainability

Through our policies and governance structures we bring into practice our commitment to ethical and sustainable entrepreneurship, but also realise that the communities we serve and our various stakeholders take a growing interest in the sustainability of our operations and the impact of our corporate citizenship. We value our reputation and are fully aware of the importance of our 'social and relationship capital'.

We understand that reputational risks relating to our commitment predominantly come from misalignment of values or a deviation from desired business culture, which in a group as diverse and geographically spread as ours, naturally is a challenge to eliminate. Throughout our group we will continue to emphasise the importance of ethical and responsible behaviour and undertake various initiatives to ensure awareness of and adherence to our code of business ethics and conduct, while promoting a culture of integrated thinking in everything we do.

## Managing risks and opportunities

continued



### Managing risks and opportunities across the six capitals

We are committed to good corporate governance and to applying the principles of the King Code on Corporate Governance (King IV™).

These principles promote responsible corporate citizenship and sustainable development based on ethical leadership.



Both King IV™ and our sustainable development policy require businesses to adopt integrated thinking in setting strategy.

As part of the process of integrated thinking, responsible corporate citizenship and sustainable development, we require businesses to reflect on their business model in relation to the six capitals, as well as the risks and opportunities linked to the six capitals.

Type of capital	We aim to	Key risks to this capital	Measures to manage these key risks and maximise opportunities
 <b>Financial</b>			
We are a for-profit organisation that invests in developing businesses to provide useful products and services to customers and deliver a sustainable return to investors.	<ul style="list-style-type: none"> <li>Invest in countries where we operate by creating business for local suppliers, employing people and giving governments their dues via taxes and levies.</li> <li>Manage our assets and liabilities in a conservative manner with regard to the interests of our investors and other stakeholders and in accordance with board-approved risk appetite.</li> <li>Focus on investments in business models and technologies that hold promise for future growth and have potential to scale globally.</li> <li>Report accurately on our financial position and performance in accordance with applicable accounting standards.</li> <li>Comply with relevant company law and securities exchanges regulations.</li> </ul>	<ul style="list-style-type: none"> <li>Global and political market disruptions.</li> <li>Failing to compete effectively.</li> <li>Unexpected changes in the value of our assets.</li> <li>Insufficient funding to realise our ambitions.</li> <li>Currency exchange fluctuations, and navigating exchange control.</li> <li>Credit risk.</li> <li>Counterparty risk.</li> <li>Fraud-related crimes and theft.</li> <li>Financial misstatement and/or failure to accurately disclose in our public reports.</li> </ul>	<ul style="list-style-type: none"> <li>We monitor global and political developments and adjust quickly.</li> <li>We allocate significant resources to analysing market developments and invest in early-stage opportunities to stay ahead.</li> <li>We have a fully funded three-year plan with room for M&amp;A and manage the balance sheet conservatively.</li> <li>We take action early to ensure we have the funds and resources to realise our ambitions.</li> <li>We invest funds and manage our cash in accordance with our group treasury policy which, inter alia, sets minimum standards to mitigate risk of counterparty default.</li> <li>We take out forward exchange contracts for up to 24 months to lock in costs and invest in a wide range of markets and currencies to diversify risk.</li> <li>We operate an effective internal control environment and the audit committee oversees the effectiveness of combined assurance.</li> </ul>
 <b>Human</b>			
We acknowledge that our employees' competencies, capabilities and experience, as well their drive and engagement, is key to our success.	<ul style="list-style-type: none"> <li>Attract and retain high-calibre individuals to execute on strategy and build sustainable businesses.</li> <li>Back entrepreneurs and local teams by providing them with resources to accelerate growth.</li> <li>Provide our employees with focused career development and training.</li> <li>Foster a safe and healthy working environment where people feel cared for, heard and supported in their ambitions.</li> <li>Reinforce the leadership pipeline and accelerate the growth of top talent.</li> <li>Support the ongoing development and growth of our businesses and equip our people with new skills for tomorrow.</li> <li>Develop core business skills in ecommerce, video entertainment and media.</li> <li>Be fair and responsible in our remuneration practices and have a pay-for-performance remuneration strategy.</li> <li>Encourage diversity in our teams and thinking, and build inclusive workplaces. Our employment philosophy is founded on promoting equality and preventing unfair discrimination.</li> <li>Be compliant with relevant labour laws in the countries where we operate.</li> </ul>	<ul style="list-style-type: none"> <li>Failing to attract and retain talent to execute strategy.</li> <li>Non-compliance with applicable health and safety, and labour and economic empowerment laws.</li> <li>Inability of existing employees to adapt promptly to changes in market and innovation, and adapt business strategies accordingly.</li> <li>Unfair treatment and remuneration.</li> <li>Inadequate development of employees.</li> </ul>	<ul style="list-style-type: none"> <li>Strategies to develop employees and attract talent to meet the business's objectives, including learning and development initiatives (through MyAcademy that is online and classroom-based), training, and employee-wellness initiatives across the group.</li> <li>A global talent function that focuses on attracting, retaining, developing and engaging people with key skills and rewarding exceptional performance.</li> <li>Our legal compliance programme ensures compliance with applicable occupational health and safety, labour, economic empowerment, transformation and diversity laws.</li> <li>Human resource policies and procedures to address talent attraction, management and retention, development, succession planning, fair and responsible remuneration, working conditions, grievance procedures and diversity.</li> <li>Initiatives to enhance our human capital include diversity and inclusion, gender equality and leadership development.</li> </ul>



## Managing risks and opportunities

continued

Type of capital	We aim to	Key risks to this capital	Measures to manage these key risks and maximise opportunities
 <b>Manufactured</b>			
<p>Manufactured capital is key to our services and operations.</p> <p>Across the group, manufactured capital may include:</p> <ul style="list-style-type: none"> <li>• Office, service centre and warehouse buildings and equipment.</li> <li>• Information and technology infrastructure and equipment.</li> <li>• Distribution networks (such as customer service centres, retail outlets and courier services).</li> <li>• Public infrastructure such as roads for delivering goods.</li> <li>• Vehicles.</li> <li>• Inventory/Stock.</li> </ul>	<ul style="list-style-type: none"> <li>• Ensure that office buildings, warehouses, retail outlets, vehicles and equipment are efficient, well-maintained and adequately insured against relevant risks.</li> <li>• Operate a secure and resilient technological infrastructure.</li> <li>• Avoid obsolescence of products and services held for sale by procurement and inventory management.</li> <li>• Minimise our investments in working capital.</li> <li>• Manage our outsource partners to deliver on agreed service levels.</li> </ul>	<ul style="list-style-type: none"> <li>• Excessive write-offs or impairments of assets due to poor maintenance or inadequate investments.</li> <li>• Reduced service delivery capacity as a result of risks affecting supply chain, logistics and processes (both physical and electronic).</li> <li>• Product/Service offering, procurement, seller integration, and order and checkout flow.</li> <li>• Natural or human-induced disaster, and political risk.</li> <li>• Technical failures and cyber-incidents causing disruption.</li> </ul>	<ul style="list-style-type: none"> <li>• Robust business planning, including working capital.</li> <li>• Adequate insurance.</li> <li>• Maintenance programmes.</li> <li>• Business continuity planning, including disaster recovery and testing.</li> <li>• Contracting with and regular performance evaluations of our service providers.</li> <li>• Business and resource planning, including information and technology investment.</li> <li>• Asset maintenance programmes.</li> <li>• Insurance to protect business assets.</li> <li>• Responsible scaling strategies.</li> <li>• Business-continuity and disaster-recovery processes.</li> </ul> <p>The group's subsidiaries are required to act in line with Naspers's good governance guidelines, which, inter alia, requires them to maintain business-continuity and disaster-recovery plans. Businesses are responsible for ensuring adequate measures are in place for business and resource planning, supplier and external service provider selection, scaling strategies and insurance to protect their assets.</p>
 <b>Intellectual</b>			
<p>Intellectual capital (knowledge-based intangibles) includes intellectual property (IP) such as patents, copyrights, trademarks, domain names, confidential information, as well as institutional knowledge, systems, procedures and culture.</p>	<ul style="list-style-type: none"> <li>• Use intellectual capital to drive competitive advantage through customer-focused development and innovation strategies.</li> <li>• Adequately protect our intellectual capital and not infringe on rights of others.</li> <li>• Produce and acquire valuable content for consumption by our customers through our various platforms.</li> <li>• Cultivate positive, innovative, ethical cultures within the group.</li> <li>• Build intellectual capital through continuous investment in our people and knowledge-sharing programmes throughout the group.</li> </ul>	<ul style="list-style-type: none"> <li>• Ineffective response, including insufficient innovation, to meet our customers' changing demands and consumption patterns.</li> <li>• Improper use and/or inadequate protection of customer and privacy-sensitive data and other confidential information.</li> <li>• Failure to meet targets or lack of innovation.</li> <li>• Loss of market share, revenue and opportunities through infringement, theft or misuse of the business's IP rights.</li> <li>• Reputational damage or liability due to infringement, theft or misuse of IP and rights of third parties by any of our businesses.</li> <li>• Insufficient production of intellectual capital caused by inadequate human resource development and culture.</li> </ul>	<ul style="list-style-type: none"> <li>• Developing strategically important IP assets, as well as attracting, managing and developing talent, encouraging innovation, and managing performance to meet targets.</li> <li>• Developing relationships to grow intellectual capital, for example relationships with universities, think tanks and others.</li> <li>• Protect IP rights against infringement through effective cybersecurity measures guided by our global security policy.</li> <li>• Support provided by group head of IP. Group guidelines and monitoring in place.</li> <li>• Research and development spend strategies linked to value creation.</li> </ul>

## Managing risks and opportunities

continued

Type of capital	We aim to	Key risks to this capital	Measures to manage these key risks and maximise opportunities
 <b>Social and relationship</b>			
<p>We acknowledge that we are required to act in line with our values and code of business ethics and conduct, and manage both internal and external stakeholder relationships.</p>	<ul style="list-style-type: none"> <li>• Build trust and maintain the businesses' licences to operate, their brands and reputation.</li> <li>• Cultivate an ethical culture.</li> <li>• Engage with our stakeholders and respond to legitimate and reasonable issues raised.</li> <li>• Meet the requirements of regulatory and financial authorities and participate in the development of policies beneficial to societies and markets in which we operate.</li> <li>• Sustain corporate social initiatives focused, targeted and linked to business strategy.</li> </ul>	<ul style="list-style-type: none"> <li>• Unethical behaviour in breach of our code of business ethics and conduct, including bribery and corruption and unfair treatment of stakeholders.</li> <li>• Loss of consumer trust, for example failing to deliver on our service promise, data-security breaches, non-compliance and inferior product offerings.</li> <li>• Non-compliance with laws and regulations in the countries where we operate, specifically, but not limited to: company law, data privacy, anti-bribery and anti-corruption, taxes and duties, licence conditions, consumer protection, anti-money-laundering, and international sanctions.</li> </ul>	<ul style="list-style-type: none"> <li>• General ethics initiatives ensuring ethical standards for services and products provided.</li> <li>• We continue to strengthen our regulatory teams, increase engagement with regulators and invest in corporate affairs, government relations and communication, while operating a robust legal compliance programme.</li> <li>• Anti-bribery and anti-corruption initiatives as part of the legal compliance programme.</li> <li>• Measuring and monitoring strength of customer relationships (such as net promoter score) and strategy to ensure customer satisfaction.</li> <li>• Adopting measures to protect customers (including frameworks and policies in place, and training and awareness) and ensuring customer privacy and data security are managed and monitored. This includes measures to protect against cyberthreats.</li> <li>• Managing stakeholder relationships and responding to legitimate and reasonable issues raised by major stakeholders.</li> <li>• Corporate social investment programmes that benefit the community and the business, such as providing learning and internship opportunities to students, contributing to the community and improving employment in the country, but also contributing to the human, intellectual and financial capitals of the business in the long term.</li> </ul>
 <b>Natural</b>			
<p>We acknowledge that we are required to act in an environmentally responsible way. As an internet and entertainment group, Naspers has a relatively low impact on natural resources.</p> <p>Our businesses consider the extent to which natural capital may significantly affect current or future operations; trigger legal or regulatory processes or fees, such as emission fees; have a financial impact, eg on insurance conditions; and affect company image or relationships with stakeholders, eg changing customer and employee preferences. Each business's responses to mitigate key risks and pursue opportunities will differ depending on the unique risks and opportunities in their operating environments.</p>	<ul style="list-style-type: none"> <li>• Comply with laws and regulations that relate to the environment.</li> <li>• To be useful to the communities we serve, acknowledging that environmentally responsible behaviour forms part of that.</li> <li>• Adhere to water preservation initiatives in the South African Western Cape province, which is struck by severe drought.</li> <li>• Invest in high-growth markets and credible sustainable products that may offer new revenue streams.</li> </ul>	<ul style="list-style-type: none"> <li>• Increased natural hazard costs, security costs or resource costs.</li> <li>• Increased compliance costs, new regulations or licence fees.</li> <li>• Changing customer, supplier and employee values or preferences may lead to reduced market share and decreased loyalty.</li> <li>• Local communities where we operate may face reduced access to, or availability of, natural capital or related ecosystem services.</li> </ul>	<ul style="list-style-type: none"> <li>• Reducing operational costs by minimising consumption and impact.</li> <li>• Reducing environmental compliance/regulatory fees and charges.</li> <li>• Our diverse businesses across the group adopt appropriate environmentally sustainable practices minimising the impact on natural capital, for example energy-saving, water-saving and recycling initiatives.</li> </ul>



# Governance



# Our board

## 1 Bob van Dijk Chief executive – E, R, S

Bob was appointed chief executive of Naspers in April 2014. He joined the group as Allegro Group CEO in August 2013 and was promoted to CEO global transactions ecommerce in October 2013. He has 15 years of general management experience in online growth business across the world, spanning the online market-places, online classifieds and retail segments. Prior to his general management career, Bob was a founder of an online financial derivatives marketplace. He started his career in McKinsey with a focus on mergers and acquisitions, and media. Bob has an MBAHons from INSEAD and an MSc (cum laude) in econometrics from Erasmus University, Rotterdam.

## 2 Don Eriksson A, R, S

Don is a chartered accountant (SA) and an honorary life member of the Institute of Directors of Southern Africa (IoDSA). He is chair of Oakleaf Insurance Company Limited, Renasa Insurance Company, NMSIS Insurance Services and of the audit and risk committees of MultiChoice South Africa Holdings. He also serves as an independent non-executive director of Naspers Limited and chairs the audit, risk, and social and ethics committees of the Naspers group. Don served on the council of IoDSA and as a Trustee to the Discovery Health Medical Aid for a number of years. He was a partner at Coopers & Lybrand (now PricewaterhouseCoopers Inc.) and an executive director of the Commercial Union group of companies.

## 3 Nolo Letele S

Nolo joined M-Net in 1990 and pioneered MultiChoice's expansion outside South Africa. In 1995 he moved to Ghana, where he served as West African regional general manager. In 1999 he was appointed chief executive of MultiChoice SA, and later served as the MultiChoice group chief executive until 2010, when he was appointed executive chair of the MultiChoice South Africa Holdings board. Nolo has won several awards, including Media Man of the Year in 2001 (Saturday Star – Business Report); Media Owner of the Year in 2003 (Financial Mail Adfocus) and the Lifetime Africa Achievement Prize for media development in Africa (Millennium Excellence Foundation). He holds an honours degree in electronic engineering (UK).

## 4 Koos Bekker Chair – E, H, N

Koos led the founding team of the M-Net/ MultiChoice pay-television business in 1985. He was also a founder of the cellular telephony group MTN. Koos headed the MIH group in its international and internet expansion until 1997, when he became chief executive of Naspers and led the group until 2014. He serves on the boards of other companies in the wider group. In April 2015 he succeeded Ton Vosloo as non-executive chair of Naspers. He holds a BAHons and an honorary doctorate in commerce from Stellenbosch University, an LLB from the University of the Witwatersrand and an MBA degree from Columbia University, New York.

## 5 Craig Enenstein H, N

Craig is the CEO of Corridor Capital, LLC, an operationally intensive private equity firm focused on the lower middle-market. Corridor Capital, LLC is based in Los Angeles and was founded by Craig in 2005. He holds an MBA in finance (Wharton School of Business, University of Pennsylvania), an MA in international studies (Lauder Institute, University of Pennsylvania) and a BA (University of California, Berkeley).

## 6 Rachel Jafta A, R, N, S

Rachel holds the degrees MEcon and PhD, and is a professor of economics at Stellenbosch University. She joined Naspers as a director in 2003 and was appointed a director of Media24 in 2007. She is a member of the South African Economic Society, director of Econex, chair of the Cape Town Carnival Trust and a member of the management committee of the Bureau for Economic Research at Stellenbosch University. She is a member of the human resources and remuneration committee of Media24 and chair of the nomination committee of Media24. She was appointed chair of the Media24 board in April 2013 and on 9 June 2015 she was appointed to Naspers's audit and risk committees. She has been serving on the international advisory Council of Fundação Dom Cabral Business School, Brazil since 2015.

## 7 Basil Sgourdos CFO – E, R, S (alt)

Basil was appointed financial director of Naspers in July 2014. As a qualified chartered accountant (SA), he worked at PricewaterhouseCoopers Inc. from 1989 to 1994. Thereafter he joined Naspers, initially as the finance manager of the South African operations division in MultiChoice and then as chief financial officer of our investment in the Thai-listed United Broadcasting Corporation Plc., where he remained for 10 years. Basil then spent two years in Amsterdam as general manager of global pay-television business development, before being appointed as group chief financial officer of MIH in January 2009. He held this position until he became group chief financial officer of the Naspers group on 1 July 2014.

## 8 Debra Meyer S

Debra is professor of biochemistry and executive dean of the faculty of science at the University of Johannesburg. She was a Fulbright Scholar at the University of California, Davis, where she obtained a PhD in biochemistry and molecular biology. She has completed modules in media strategy and academic leadership at Harvard and Gibbs (University of Pretoria) and makes regular contributions to several newspapers and magazines. Debra serves as trustee and board member of several organisations.

E Executive committee
A Audit committee
R Risk committee
H Human resources and remuneration committee
N Nomination committee
S Social and ethics committee

● Executive
● Non-executive
● Independent non-executive

## Our board

continued

### 9 Ben van der Ross A, R

Ben holds the qualification DipLaw (University of Cape Town) and is an admitted attorney. He has previously served, among others, on the boards of FirstRand Limited, MMI Holdings Limited, Pick 'n Pay Holdings Limited, Distell Limited and Lewis Group Limited.

### 10 Fred Phaswana H, N

Fred holds the qualifications MA (Unisa) and BComHons (Rand Afrikaans University, now University of Johannesburg), and obtained a BA (philosophy, politics and economics) from Unisa in 2010. He joined Naspers as a director in 2003. He is joint chair of the Mondi Group and former chair of The Standard Bank Group and of Standard Bank of South Africa Limited.

### 11 Hendrik du Toit N

Hendrik is chief executive officer of Investec Asset Management and a director of Investec plc and Investec Limited. He holds an MPhil in economics and politics of development from Cambridge University, as well as an MCom in economics (cum laude) from Stellenbosch University. Hendrik is currently a member of the Global Business and Sustainable Development Commission.

### 12 Mark Sorour<sup>(1)</sup>

Mark joined the Naspers group in 1994, heading up business development and corporate finance globally. Following a tour of duty in Hong Kong and Amsterdam, he returned to Cape Town as group chief investment officer and had the responsibility for all global investment activities. On 31 March 2018 Mark retired after more than 20 years with the group. Mark remained on the board as a non-executive director. Mark is a qualified chartered accountant (SA) holding a BCom and DipAcc.

### 13 Guijin Liu

Guijin graduated from Beijing University of Foreign Studies in 1971 and joined the Ministry of Foreign Affairs. He served in the General Office of MFA, various Chinese Embassies and in the Department of African Affairs for many years. Guijin is experienced in international affairs, particularly regarding relations between China and the developing world, such as Africa. He has contributed to international conferences of the UN, AU and other organisations representing China. Recently he participated in high-level academic forums including the WEF and the Summer Davos. Guijin currently serves as president of the Chinese Society of Asia and Africa Studies.

### 14 Roberto Oliveira de Lima H

Roberto graduated in public administration and has a post-graduate degree in business management from Fundação Getúlio Vargas in Brazil. Roberto also has a specialisation in finance and strategic planning from Institut Supérieur des Affaires in France. He developed his career in companies like Saint Gobain, Rhône-Poulenc and Accor Group in the information technology and finance areas. He was chair and CEO of Credicard Group, CEO of Vivo SA, the largest mobile telecommunications company in Brazil, chair of Publicis Brazil and president of Natura SA. He has been serving as a board member for Edenred in France, Pão de Açúcar (Casino) and Natura SA in Brazil since 2011. Currently, he is a member of the board of directors of Telefônica Brasil SA, RNI Negócios Imobiliários SA and Petrobras Distribuidora SA.

### 15 Emilie Choi R, H

Emilie runs and oversees corporate and business development, business operations and analytics, and ventures businesses for Coinbase. Prior to Coinbase, she ran corporate development for LinkedIn and led all M&A deals in the company's history, including Lynda, Connectifier, Bizo, Newsle, Bright, Pulse, SlideShare, Connected, Rapportive, IndexTank and CardMunch, as well as leading the LinkedIn JV deal in China. Prior to LinkedIn, Emilie worked in corporate development and strategy roles at Warner Bros. Entertainment as well as Yahoo Inc., where she worked on such deals as Flickr and the Yahoo investment in Alibaba. Emilie holds an MBA from Wharton School at the University of Pennsylvania and a BA in economics from Johns Hopkins University. She joined the Naspers board as a director in 2017.

### 16 Steve Pacak E, R

Steve, a chartered accountant (SA), began his career with Naspers at M-Net in 1988 and has held various executive positions in the Naspers group. He is a director of MultiChoice South Africa Holdings and other companies in the wider Naspers group. He was appointed an executive director of Naspers in 1998 and a non-executive director in January 2015. He retired as Naspers's financial director on 30 June 2014, but remained on the board as an alternate non-executive director.

### 17 Cobus Stofberg S

Cobus is a founder member of M-Net. He served as chief executive of the MIH group from 1997 to 2011 and has been instrumental in the expansion of the group. Prior to M-Net, he was a partner of Coopers & Lybrand (predecessor of PricewaterhouseCoopers Inc.). He holds a BComLaw and LLB from Stellenbosch University, BCompt-Hons from Unisa and is a qualified chartered accountant (SA).

E Executive committee
A Audit committee
R Risk committee
H Human resources and remuneration committee
N Nomination committee
S Social and ethics committee

Note  
<sup>(1)</sup> Appointed as non-executive director on 31 March 2018.

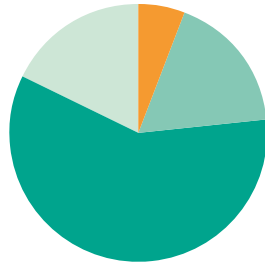
● Executive
● Non-executive
● Independent non-executive

## Our board

continued

*The board is the decisionmaking body for all matters of such importance as to be significant to the group as a whole.*

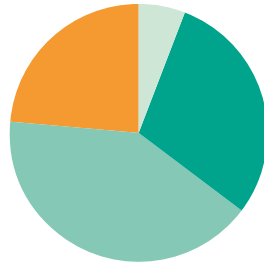
### BOARD COMPOSITION



Number of directors

CHAIR	1
EXECUTIVE	3
INDEPENDENT NON-EXECUTIVE	10
NON-EXECUTIVE	3

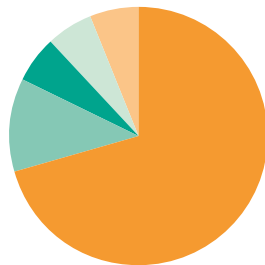
### LENGTH AND TENURE



Number of directors

0-2 YEARS	1
2-4 YEARS	5
4-6 YEARS	7
6-9 YEARS	4

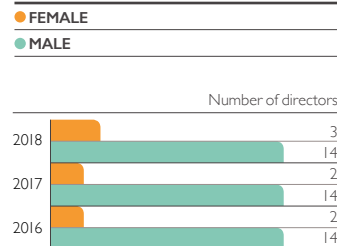
### NATIONALITIES



Number of directors

SOUTH AFRICA	12
USA	2
BRAZIL	1
CHINA	1
THE NETHERLANDS	1

### GENDER DIVERSITY



Number of directors

### Attendance at board meetings

Board member	Date first appointed in current position	Date last appointed	Attendance	Category
J P Bekker <sup>(2)</sup>	17 April 2015	25 August 2017	8/8	Non-executive
E M Choi	21 April 2017	21 April 2017	8/8	Independent non-executive
H J du Toit	1 April 2016	1 April 2016	8/8	Independent non-executive
C L Enenstein	16 October 2013	28 August 2015	8/8	Independent non-executive
D G Eriksson	16 October 2013	28 August 2015	8/8	Independent non-executive
R C C Jafta	23 October 2003	25 August 2017	8/8	Independent non-executive
F L N Letele	22 November 2013	26 August 2016	8/8	Executive
G Liu	1 April 2016	1 April 2016	7/8	Independent non-executive
D Meyer	25 November 2009	26 August 2016	8/8	Independent non-executive
R Oliveira de Lima	16 October 2013	26 August 2016	8/8	Independent non-executive
S J Z Pacak <sup>(2)</sup>	15 January 2015	25 August 2017	8/8	Non-executive
T M F Phaswana <sup>(2)</sup>	23 October 2003	28 August 2015	7/8	Independent non-executive
M R Sorour <sup>(1)</sup>	15 January 2015	28 August 2015	8/8	Non-executive
V Sgourdos <sup>(2)</sup>	1 July 2014	29 August 2014	8/8	Executive
J D T Stofberg	16 October 2013	26 August 2016	8/8	Non-executive
B van Dijk <sup>(2)</sup>	1 April 2014	29 August 2014	8/8	Executive
B J van der Ross	12 February 1999	25 August 2017	7/8	Independent non-executive

#### Notes

<sup>(1)</sup> Appointed as non-executive director 1 April 2018.

<sup>(2)</sup> Members of the executive committee.



# Governance for a sustainable business

*"I am pleased to present this year's governance report. It has been a stand-out year and we have continued to improve our processes, especially around ethical conduct management."*

Koos Bekker  
Chair

The board of directors conducts the group's business with integrity by applying appropriate corporate governance policies and practices. Our aim is to keep abreast of regulatory developments, further enhance our governance standards, monitor and ensure compliance with relevant laws and regulations and cultivate a thriving organisational ethical culture in the different geographies where the group operates. We also aim to maintain a high standard of reporting and disclosure, keeping in mind the best interests of our stakeholders and disclosing what is relevant and important to the sustainability of the group.

Refer to the full governance report for a detailed review of the board and its committees.

## Introduction

Naspers has a primary listing on the JSE Limited (the JSE). The company is therefore subject to the JSE Listings Requirements, the guidelines in the King IV™ Report on Corporate Governance for South Africa, 2016 (King IV™), as well as legislation applying to publicly listed companies in South Africa. Naspers also has a secondary listing of its American Depositary Shares (ADSs) on the London Stock Exchange (LSE). In addition, a subsidiary, Myriad International Holdings B.V., has bonds, guaranteed by Naspers, which are listed on the Irish Stock Exchange (ISE).

The audit and risk committees of the board monitor compliance with the JSE and applicable LSE and ISE listings requirements.

The board's executive, audit, risk, human resources and remuneration, nomination, and social and ethics committees fulfil key roles in ensuring good corporate governance. The group uses independent external advisers to

monitor regulatory developments, locally and internationally, to enable management to make recommendations to the Naspers board on matters of corporate governance.

## How we integrate governance into our business

Naspers recognises the value of an integrated approach to assurance and compliance. The adopted governance, risk and compliance framework continues to form the basis for how Naspers manages governance.

The governance framework shows the achievement of a sustainable business integrated with governance, assurance, risk management and compliance, in accordance with legislated requirements and this is reported through the relevant structures.

## Naspers group governance framework

The Naspers board is the focal point for and custodian of the group's corporate governance systems. The board conducts the group's business with integrity and applies appropriate corporate governance policies and practices in the group.

The Naspers board, its committees, and the boards and committees of subsidiaries MultiChoice and Media24 are responsible for ensuring the appropriate principles and practices of King IV™ are applied and embedded in the governance practices of group companies.

A disciplined reporting structure ensures the Naspers board is fully apprised of subsidiary activities, risks and opportunities. All controlled entities in the group are required to subscribe to the principles of King IV™. Business and governance structures have clear approval frameworks.

Naspers has a governance committee (formerly internal control oversight forum) comprising the chief financial officers (CFOs) and risk and internal audit managers of Naspers, Naspers Ecommerce, Video Entertainment and Media24, the Naspers group company secretary, the Naspers global governance partner and group general counsel. The committee was tasked to ensure the Naspers group's governance structures and framework are employed in the in-scope entities in the group during the financial year. Governance and progress are monitored by the audit and risk committees and reported to the board.

The composition of committees of the board and committees of the boards of MultiChoice and Media24 is reviewed annually and, where required, amended.

Details of the enterprisewide risk management framework appear on page 52.

## Statement of the board

Naspers is required, in terms of the JSE Listings Requirements to report against the application of the principles of King IV™. In line with the overriding principle in King IV™ of apply and explain, the board, to the best of its knowledge, believes the group has satisfactorily applied the principles of King IV™. For a more detailed review see the King IV™ application report.

## Our journey to align with King IV™ and approach to apply King IV™

Following the release of the King IV™ report in November 2016, we reviewed and interpreted King IV™ for the Naspers environment. King IV™ awareness initiatives and a review of the Naspers board policies, charters and governance practices formed the starting point. In the 2018 financial year we made

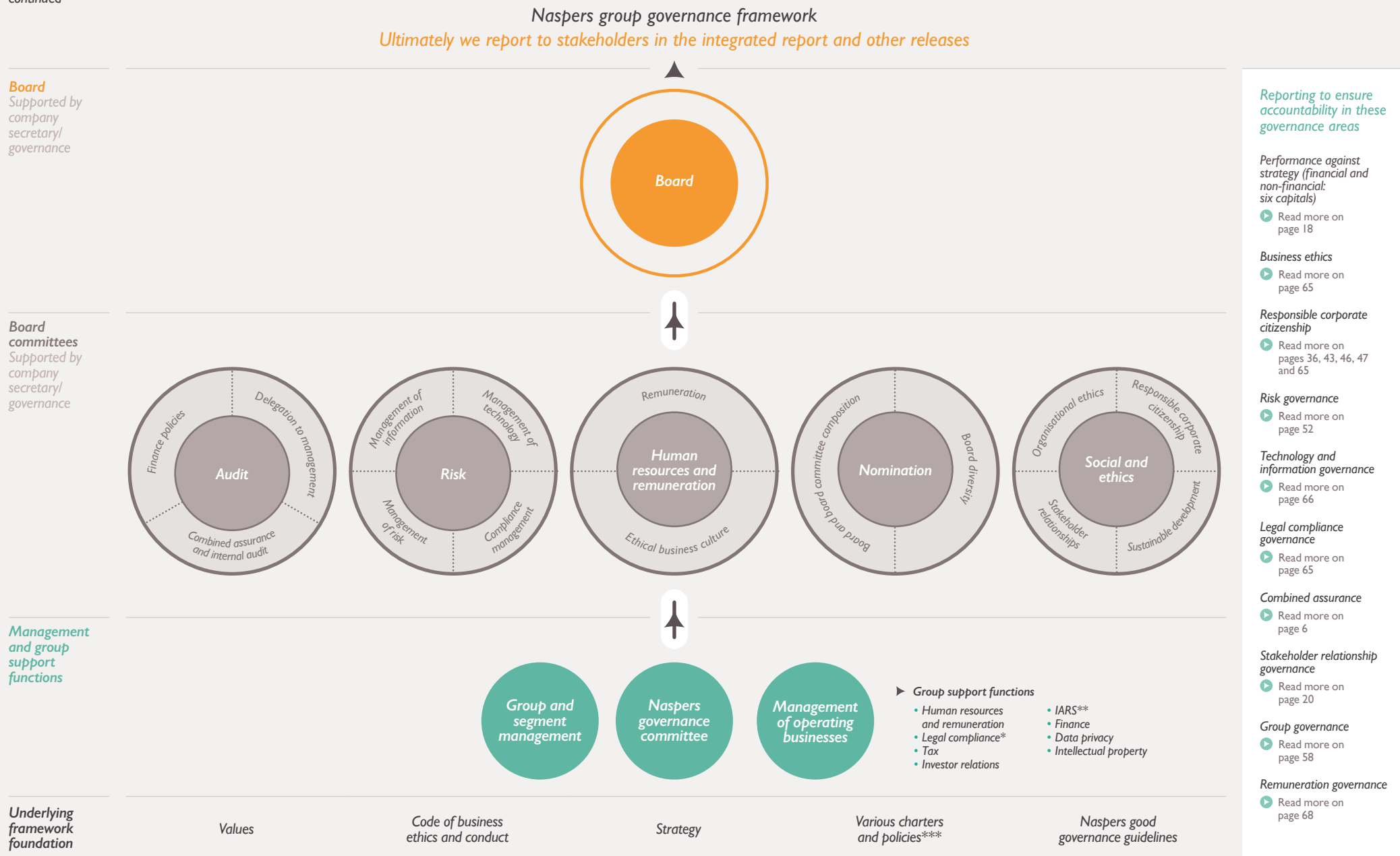
system and process changes to enable the implementation of recommended or alternative practices to demonstrate application of King IV™ principles. Focus areas for the 2018 financial year included, but were not limited to, enhanced disclosures in the 2018 integrated annual report and continued focus on governance of information and technology, in particular, information and technology security.

All board and board committee charters and policies were reviewed with a view to aligning them with the recommendations contained in King IV™ and the requirements of the amended JSE Listings Requirements.

King IV™ advocates a qualitative approach to implementing recommended practices to achieve the application of the principles and to realise the intended governance outcomes. King IV™ states that recommended practices are meant to be scaled in accordance with the proportionality considerations of the various businesses in our group. We take into account proportionality when we apply corporate governance in the group. This means we apply the practices needed to demonstrate the group's governance in terms of King IV™ as appropriate across the group. The companies in our group are diverse and at different maturity stages, a one-size-fits-all approach therefore cannot be followed when implementing governance practices. All good governance principles apply to all types and sizes of companies, but the practices implemented by different companies to achieve the principles may be different. Practices must be implemented as appropriate for each company in line with the overarching good governance principles.

## Governance for a sustainable business

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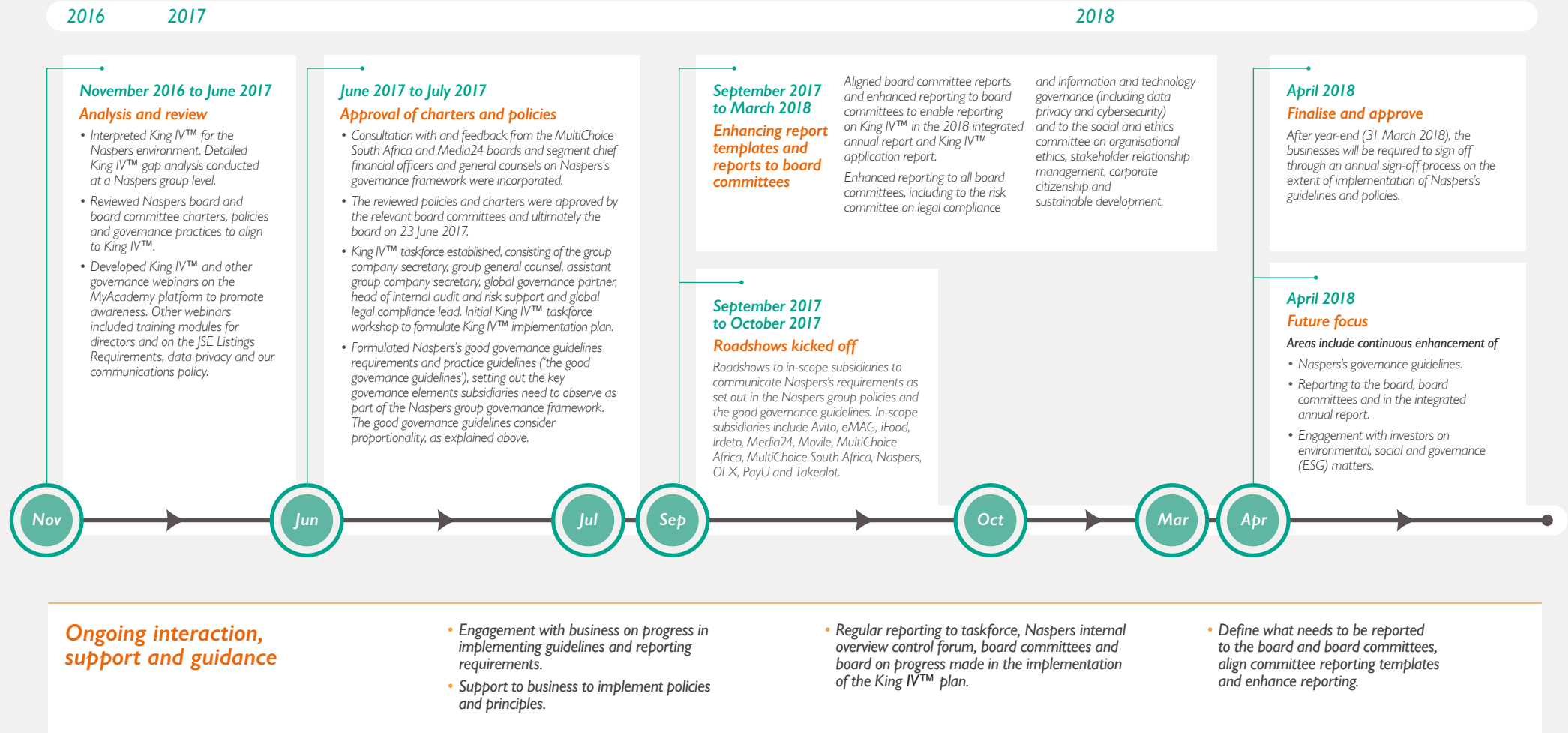




## Governance for a sustainable business

continued

### Progress made and King IV™ milestones



#### Approach to King IV™ rollout:

- Expectations on requirements to address gaps on current structure, processes and reporting were communicated to subsidiaries.
- Responsibilities assigned for different reporting areas to representatives in Naspers and group businesses.
- Reporting process, including reporting templates and tools, developed and distributed to Naspers subsidiaries.
- CFO and legal counsels in segments and subsidiaries responsible for leading the rollout in their segments and subsidiaries.
- Connecting King IV™ and other group initiatives, leverage on existing structures, processes and materials.

## Governance for a sustainable business

continued

### Business ethics

The group's code of business ethics and conduct is available on [www.naspers.com](http://www.naspers.com).

This code applies to all directors and employees in the group. Ensuring that group companies adopt appropriate processes and establish supporting policies and procedures is an ongoing process. Management focuses on policies and procedures that address key ethical risks, such as conflicts of interest, accepting inappropriate gifts and acceptable business conduct.

The social and ethics committee is responsible for overseeing and reporting on business ethics in relation to the Naspers group, taking into account specific disclosures and best practice as recommended by King IV™. Businesses in our group apply zero tolerance to violations of the code by taking the necessary action, including improving the control environment or taking the necessary disciplinary, criminal or civil action. Reports are provided to the social and ethics committee to demonstrate this. Unethical behaviour by senior employees is also reported to the human resources and remuneration committee, along with the way the company's disciplinary code was applied.

Naspers is committed to conducting its business on the basis of complying with the law, with integrity and with proper regard for ethical business practices. It expects all directors and employees to comply with these principles and, in particular, to avoid conflicts of interest and not to engage in insider trading, illegal anti-competitive activities, and bribery and corruption.

During the year we designated 12 ethics officers around the group. These officers serve as central points of contact for advice on ethics-related queries, improprieties, allegations and complaints. They report on ethics-

related matters via the Naspers ethics officer, who is the central Naspers contact for Naspers ethics matters, to the social and ethics committee. Ethics officers' responsibilities include:

- Understanding and applying the code of business ethics and conduct (the code) and whistleblower policy.
- Upholding corporate values.
- Managing internal speak-ups and providing guidance.
- Assisting with awareness campaigns on the code and whistleblower policy.
- Maintaining confidentiality in relation to ethics-related matters.
- Maintaining records and reporting on ethics-related matters.

To facilitate disclosure of improper conduct, Naspers has an independent

external whistleblower facility, OpenLine, operated by Deloitte's Tipoffs Anonymous. Details of this facility are published on the corporate website, [www.naspers.com](http://www.naspers.com). All stakeholders can report unethical behaviour and wrongdoing anonymously and confidentially. The line operates globally, 24/7/365 with live answering.

This year we embarked on an awareness campaign across the group, with the theme 'It's your business'. The campaign led to our group companies setting the tone of reporting unethical business practices.

### It's your business/speak out

During the year we created awareness on the code and whistleblower policy

throughout the group. In-scope subsidiaries included Avito, Buscapé, eMAG, iFood, Irdeto, Media24, Movile, MultiChoice Africa, MultiChoice South Africa, Naspers, OLG, PayU and Takealot. The training methods used by subsidiaries included elearning modules on the MyAcademy platform, face-to-face training, presentations and storyboarding for disabled employees. Elearning modules were translated into Portuguese, Spanish and Russian. Further translations planned include Romanian and Bulgarian. In-scope subsidiaries were determined based on proportionality and maturity.

The Naspers social and ethics committee receives reports on business ethics management and monitoring –

refer to the social and ethics committee report in the full governance report.

Key areas of focus going forward include regular engagement between the group's ethics officers, where they can share experiences, identify ethics challenges and share best practice. This will establish a Naspers-designated ethics officers' community and assist us in tailoring tools and support.

We plan to launch an ethics reawareness campaign for in-scope subsidiaries and to assess launching an ethics-awareness campaign for other subsidiaries, taking into account proportionality.

### Stakeholder relationships

Representatives of our businesses manage various external and internal stakeholder relationships. Our businesses manage their stakeholder relationships based on a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the businesses.

To support the board to fulfil its governance role, the Naspers social and ethics committee receives reports on stakeholder management across the group – refer to the social and ethics committee report on page 21 of the full governance report.

An overview of our stakeholders and stakeholder engagement is provided on page 20.

### Sustainable development and corporate citizenship

Naspers's commitment to sustainable development and corporate citizenship is articulated in its sustainable development policy. To support the board to fulfil its governance role, the social and ethics committee receives reports on Naspers's social and ethics

performance, using the six-capitals reporting framework – refer to the social and ethics committee report in the full governance report. We recognise that sustainable development and economic, social and environmental protection are global imperatives that present both opportunities and risks for business. We build leading companies that empower people and enrich communities. Corporate citizenship is integral in the way we do business.

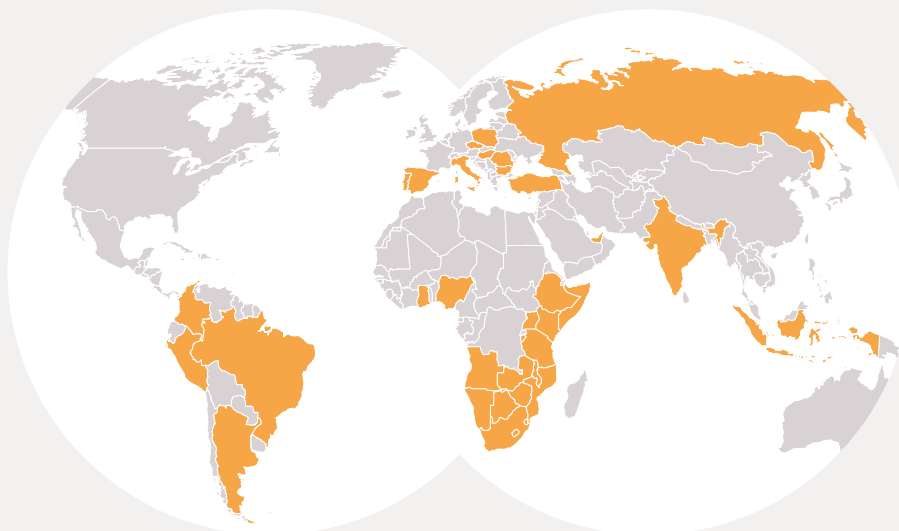
An overview of our capitals and value creation is provided on pages 18 and 28.

Going forward, management will enhance reporting techniques on how it reports to the social and ethics committee on responsible corporate citizenship and sustainable development using the six-capitals reporting framework.

### Legal compliance

Legal compliance falls within the responsibilities of the group general counsel, who is also the chief legal compliance officer. The Naspers board has delegated the responsibility for

### Openline operates globally



IT'S  
YOUR  
BUSINESS



DON'T JUST IGNORE IT

CONTACT DETAILS FOR OPENLINE,  
THE NASPERS WHISTLEBLOWER SERVICE ARE:  
W: [openline.naspers.com](http://openline.naspers.com)  
E: [Openline@tip-offs.com](mailto:Openline@tip-offs.com)  
T: +27 31 571 5695  
(call charges may apply)



## Governance for a sustainable business

continued

overseeing legal compliance to the risk committee of the Naspers board. To assist the risk committee in discharging this responsibility, the chief legal compliance officer reports on legal compliance to the risk committee. Legal compliance is a standing agenda point. Responsibility for legal compliance in each segment rests with the general counsel of that segment, who oversees legal compliance for the subsidiaries within his or her segment.

During the 2017 and 2018 financial years the group has been enhancing its legal compliance framework by identifying key legal compliance risks. The enhancements respond to the increased expectations of regulators and stakeholders. In addition, they align the group to market conditions, which show a deepening of policies and procedures as relevant areas of the law and best practice become more developed.

The legal compliance framework includes the following:

- Groupwide policies that apply to every legal compliance programme in the group, built on the principles in the code of business ethics and conduct. Subsidiaries are responsible for implementing a fit-for-purpose legal compliance programme based on the risks applicable to their business but, as a minimum, containing these group policies.
- A compliance toolkit including detailed guidelines and resources based on the group policies to be tailored by the segments and businesses to reflect local legal requirements and risks.

The legal compliance programme is led by the chief compliance officer and global compliance lead with support from external consultants.

The enhanced groupwide legal compliance, anti-bribery and anti-corruption, sanctions and export controls and competition compliance policies were reviewed and approved by the Naspers board in June 2017.

Assurance on the effectiveness of compliance management is received through a combined assurance model.

As part of the enhanced legal compliance framework, each segment is required to provide a quarterly legal compliance report to the group legal compliance function. This report includes an overview of key compliance risk areas and mitigating measures, key compliance regulatory developments and material compliance incidents and investigations. The group legal compliance function uses these reports to compile a consolidated report that is reviewed by the chief compliance officer and is subsequently provided to the risk committee of the Naspers board.

Planned areas of future focus for legal compliance include continuing to raise compliance awareness across the group. Improvements to the legal compliance framework will be made based on emerging risks, feedback from monitoring activities and a greater focus on third-party screening. With internal audit, we will also be focusing on our assurance framework.

There were no material or repeated regulatory penalties, sanctions or fines for contraventions of, or non-compliance with, statutory obligations.

There were no inspections by environmental regulators or findings of non-compliance with environmental laws.

To support the board to fulfil its governance role, the Naspers risk committee receives reports on legal compliance – refer to the risk committee report on page 27 of the full governance report.

### Information and technology governance

Information and technology (I&T) governance is integrated in the operations of the Naspers businesses. Management of each subsidiary or business unit is responsible for ensuring effective processes on I&T governance are in place.

The risk committee assists the board with overseeing I&T-related matters. I&T governance is a standing point on the risk committee agenda. I&T objectives have been included in the risk committee charter. The risk committee considers the risk register, as well as reports on I&T from internal audit and risk support and our legal compliance function.

The group's subsidiaries are required to act in line with Naspers's good governance guidelines, which, among others, detail I&T governance-related matters. Subsidiaries of each major entity are required to submit an annual formal written report on the extent to which they have implemented the principles, and chief executives and CFOs sign off thereon. Any notable exceptions are summarised and reported to the risk committee.

We continuously look at how we can better integrate people, technologies and processes. During the year, we have made further progress in implementing SAP across the group to unify key finance business processes. During our annual business planning process, our various businesses consider their platform requirements. The platform strategy starts from the business strategy and is translated into technical and process requirements.

Business continuity is included in the group's risk register, which is reviewed and discussed by the risk committee twice a year and, annually, by the board. Business resilience is the key objective of our cybersecurity policy. The

capability of businesses to respond to disruption is in scope for internal audit, bearing in mind the perspective of our customers and end users.

A comprehensive code of business ethics and conduct is in place. In addition, the operational boundaries to dealing with I&T are subject to the group's legal compliance policy. Our risk management practices ensure that relevant risks relating to the ethical and responsible use of technology and information are identified and assessed. Our social and ethics committee oversees this area. We are running a privacy programme to ensure that the personal data of our suppliers, customers and employees is stored and processed in an ethical manner and in compliance with relevant privacy laws. A key focus for the new financial year is the Protection of Personal Information (PoPI) Act, which promotes the protection of personal information by public and private bodies in South Africa and General Data Protection Regulation (GDPR), a regulation in the European Union (EU) on data protection and privacy for all individuals within the EU addressing the export of data outside the EU.

Internal audit provides assurance to management, the audit committee and the board on the effectiveness of I&T governance. The detail of controls to manage identified risks and reduce vulnerability forms the basis of internal audit's assurance plans.

To support the board to fulfil its governance role, the Naspers risk committee receives reports on I&T management – refer to risk committee report on page 27 of the full governance report.

Planned areas for future focus for I&T governance include the development and deployment of data-driven technologies (such as machine learning and artificial intelligence), cybersecurity and data privacy.

### Penalties

Because MultiChoice operates in a highly regulated environment in South Africa, compliance is important. The company participates in the regulatory process affecting its industry through various public forums and debates, providing inputs on formulating standards and strategies for the industry.

MultiChoice and M-Net received fines from the self-regulatory body, the Broadcasting Complaints Commission of South Africa (BCCSA). These relate to failure by channels to provide correct classification information, resulting in MultiChoice and M-Net contravening the BCCSA Code.

Fines paid to the BCCSA:

- 2016 financial year: R10 000
- 2017 financial year: R90 000, and
- 2018 financial year: Rnil.

Several media industry players, including MultiChoice and Media24, have settled the industrywide advertising discounts matter with the Competition Commission of South Africa, entering into consent agreements with the Competition Commission. The agreements were approved by the Competition Tribunal. DSTV Media Sales Proprietary Limited (DMS), a subsidiary of MultiChoice, agreed that an administrative penalty of R22m be paid (provided for in the prior financial year) and a contribution of R8m, payable over three years, to a fund to be administered through an industry trust to assist small black-owned media agencies. Media24 agreed to pay R14m and R5m respectively.

During the past year there were no environmental accidents, nor were any environment-related fines imposed by any government.

## Governance for a sustainable business

*continued*

### Internal control systems

As part of the overall management of risk, the system of internal controls in all material subsidiaries and joint ventures under the company's control aims to prevent and detect any risk materialising and to mitigate any adverse consequences thereof. The group's system of internal controls is designed to provide reasonable, and not absolute, assurance on the achievement of company objectives, including integrity and reliability of the financial statements; to safeguard, verify and maintain accountability of its assets; and to detect fraud, potential liability, loss and material misstatement while complying with regulations. For those entities in which Naspers does not have a controlling interest, the directors representing Naspers on these boards seek assurance that significant risks are managed and systems of internal control are effective.

All internal control systems have shortcomings, including the possibility of human error or flouting of control measures. Even the best system may provide only partial assurance. In the dynamic environment in which the company operates, management regularly reviews risks and the design of the internal controls system to address these, assisted by the work and reports from internal audit on the adequacy and operational effectiveness of controls, which may indicate opportunities for improvement. The external auditor considers elements of the internal controls system as part of its audit and communicates deficiencies when identified.

The board reviewed the effectiveness of controls for the year ended 31 March 2018, principally through a process of management self-assessment, including formal confirmation in the form of representation letters by executive management. Consideration was given

to input, including reports from internal audit and the external auditor; compliance and the risk management process. Where necessary, programmes for corrective actions have been initiated.

Nothing has come to the attention of the board, external or internal auditors to indicate any material breakdown in the functioning of internal controls and systems during the year under review.

### Internal audit

An internal audit function is in place throughout the group. The head of internal audit reports to the chair of the Naspers audit committee, with administrative reporting to the financial director. A large part of the internal audit fieldwork is co-sourced.

Internal audit annually provides a statement on the effectiveness of Naspers's governance, risk management and control processes to the audit committee. An independent review on internal audit is done at least every five years. The last review was performed by PwC in 2017. The head of internal audit and risk support confirms annually to the board that internal audit conforms to meet the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors and its code of ethics.

### Non-audit services

The group's policy on non-audit services provides guidelines on dealing with audit, audit-related, tax and other non-audit services that may be provided by Naspers's independent auditor to group entities. It also sets out services that may not be performed by the independent auditor.

The audit committee preapproves audit and non-audit services to ensure these do not impair the auditor's independence and comply with legislation. Under our guiding principles, the auditor's independence will be deemed impaired if the auditor provides a service where he/she:

- functions in the role of management of the company, or
- audits his/her own work, or
- serves in an advocacy role for the company.

### Company secretary

The company secretary, Gillian Kisbey-Green, and David Tudor, group general counsel (and legal compliance officer), are responsible for guiding the board in discharging its regulatory responsibilities.

Directors have unlimited access to the advice and services of the company secretary. She plays a pivotal role in the company's corporate governance and ensures that, in accordance with the pertinent laws, the proceedings and affairs of the board, the company itself and, where appropriate, shareholders are properly administered. She is also the company's compliance officer as defined in the Companies Act and delegated information officer. The company secretary monitors directors' dealings in securities and ensures adherence to closed periods. She attends all board and committee meetings. In accordance with King IV™ the performance and independence of the company secretary is evaluated annually.

As required by JSE Listings Requirement 3.84(h), the board has determined that the company secretary, who is a chartered accountant (SA) with more than 25 years' company secretarial experience, has the requisite competence, knowledge and experience to carry out the duties of a secretary of a public company and has an arm's length relationship with the board. The board is satisfied that the arrangements for providing corporate governance services are effective.

### Investor relations

Naspers's investor relations policy can be found on [www.naspers.com](http://www.naspers.com). It describes the principles and practices applied in interacting with shareholders and investors. Naspers is committed to providing timely and transparent information on corporate strategies and financial data to the investing public. In addition, we consider the demand for transparency and accountability on our non-financial (or sustainability) performance. In line with King IV™, we recognise that this performance is based on the group's risk profile and strategy, which includes non-financial risks and opportunities.

The company manages communications with its key financial audiences, including institutional shareholders and financial (debt and equity) analysts, through a dedicated investor relations unit. Presentations and conference calls take place after publishing interim and final results.

A broad range of public communication channels (including stock exchange news services, corporate website, press agencies, newswires and news distribution service providers) is used to disseminate news releases. These channels are supplemented by direct communication via email, conference calls, group presentations and one-on-one meetings. Our policy is not

to provide forward-looking information. Naspers complies with legislation and stock exchange rules on forward-looking statements.

### Closed periods

Naspers would typically be in a closed period on the day after the end of a reporting period (30 September or 31 March) until the release of results. General investor interaction during this time is limited to discussions on strategy and/or historical, publicly available information.

### Analyst reports

To enhance the quantity and quality of research, Naspers maintains working relationships with stockbrokers, investment banks and credit-rating agencies – irrespective of their views on or recommendations to the group. Naspers may review an analyst's report or earnings model for factual accuracy of information in the public domain, but in line with regulations and group policy we do not provide guidance or forecasts.

The board encourages shareholders to attend the annual general meeting, notice of which is contained in this integrated annual report, where shareholders have the opportunity to put questions to the board, management and the chairs of the various committees.

The company's website [www.naspers.com](http://www.naspers.com) provides the latest and historical financial and other information, including financial reports.

# Remuneration report for the year ended 31 March 2018

*“We aim to attract, motivate and retain the best leaders, entrepreneurs, creative engineers and employees to create sustainable shareholder value.”*

**Craig Enenstein**

Chair: Human resources and remuneration committee

Dear Shareholder

On behalf of the board, I am pleased to present our 2017/18 remuneration report.

This report is my first in the chair of the human resources and remuneration committee. I welcome fellow directors Emille Choi and Roberto Oliveira de Lima to the committee and thank the outgoing chair, Rachel Jafta and alternate committee member, Cobus Stofberg, for their contributions.

This year, we have revised our approach in order to demonstrate more clearly the link between Naspers's strategy, performance and our remuneration philosophy. This report is designed to be easier to understand and to ensure greater transparency regarding how we pay our executives. We are grateful to our shareholders for their input, which was considered carefully. Changes include a total view of executive remuneration, greater transparency on the short-term incentive goals of executive directors and more information on how we assess performance throughout the group.

We have incorporated changes to ensure compliance with the King IV™ guidance, which is effective from 1 April 2017. In line with King IV™, our 2017/18 remuneration report is split into three sections:

- 1. The background statement:**  
Provides an overview of pay outcomes for 2017/18 and our approach for 2018/19.
- 2. The remuneration policy:**  
Provides information on the components of our executive-pay packages.
- 3. The implementation report:**  
Sets out information on how we implemented our policy in 2017/18.

We have made several changes to the design of executive remuneration for the forthcoming 2018/2019 financial year. These are detailed in sections 1 and 3. When making executive awards, the committee has considered the need to maximise shareholder value. Details of the cost of our long-term incentives can be found on page 90.

We engaged external advisors to provide advice on executive remuneration and the committee is satisfied that they are objective and independent.

## **Our strategy drives our pay principles**

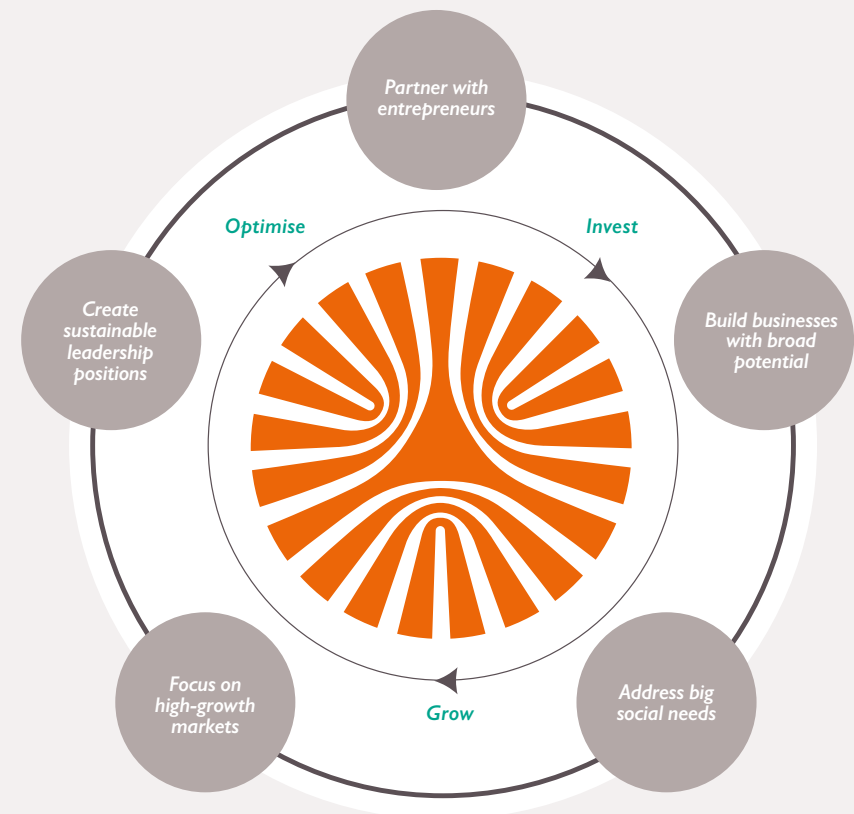
Across our group, we use technology to provide new and exciting ways for our customers to be informed, entertained and to trade online. As one of the largest technology investors in the world, operating in more than 120 countries, we focus on high-growth markets and we invest in local, empowered teams with an ownership mentality. Our business moves fast as technology trends and consumer adoption changes, and we seek to run businesses that have broad potential, can address big societal needs and can attain market leadership over time.

Our people are at the heart of our success. Without the driven entrepreneurs with whom we partner, the digital leaders who drive us forward and the skills our people bring to the group in highly specialised areas such as technology development, product design, machine learning and artificial intelligence, content rights, digital marketing and many other disciplines, we would not be able to compete as effectively as we do. We operate in a highly competitive, global market for this type of talent, and we compete against other world-class companies for great people.

## *How we add value*

*We pursue growth by building leading companies that empower people and enrich communities.*

*What we do:*



*Underpinned by our active capital allocation and strategy.*

We ensure we optimise our portfolio for growth and competitiveness.

▶ Read more on page 26



## Remuneration report for the year ended 31 March 2018

*continued*

### Our remuneration philosophy

Our remuneration philosophy underpins our group's strategy and enables us to achieve our business objectives. Our commitment to pay for performance and alignment with shareholder value creation drives all our remuneration activities, and supports the ownership mentality and spirit of entrepreneurship in our teams around the world. We believe in a level playing field for our people. As much as possible, the structure of our pay is similar, regardless of the seniority of the employee.

We endeavour at all times to balance the need to compete globally for the very best talent with the need to pay **fairly** and **responsibly**. We welcome the opportunity to discuss this policy and its outcomes with our stakeholders.



**Craig Enenstein**  
Chair: Human resources and remuneration committee

22 June 2018

### 1. Background statement: The Naspers approach to remuneration

#### Our pay principles

Five principles guide our remuneration approach.

#### The Naspers approach to remuneration



**We believe in pay for performance; we are comfortable with bigger rewards for those that make the highest contribution**



**Remuneration must be aligned with shareholder outcomes**



**Remuneration must incentivise the achievement of strategic, operational and financial objectives, in both the short and long term**



**We are consistent; our reward package elements are broadly the same, regardless of seniority\***



**Our reward systems must help us attract and retain the best talent around the world in a fair and responsible way**

\* Some hourly-paid employees do not receive long-term incentives.

In practice, this means that we take into account sectoral, regional and local practices as well as the needs of the business and the calibre of the individual when implementing our pay framework.

The way we structure pay is purposely linked to our strategy and to the delivery of long-term sustainable growth to our shareholders.

Our pay principles are applied through three key elements and executive pay is heavily weighted towards long-term performance with a significant proportion delivered in share appreciation rights or share options, and with every award subject to individual performance.

Our approach to long-term incentives ensures that both the value of individual businesses and the overall performance of the group are considered. We are making significant progress following capital investment in several areas, and we believe that there is greater strength in being one large group, rather than a series of individual companies. The delivery of sustainable value to our shareholders will depend on the value of our business units which will ultimately be reflected in the value of the group as a whole over the longer term. Executives only receive payouts under our long-term incentive plans when the value of underlying assets or the Naspers share price increases.

When making executive-pay decisions, we consider the individual's performance and the performance of the business, the complexity of the responsibilities of the executive, and the growth trajectory and life cycle stage of the business for which he/she is responsible.



## Remuneration report for the year ended 31 March 2018

continued

### Our remuneration structure

We have outlined the three elements of pay for our executive directors below, and the approach is similar for the chief executive's direct reports. The same principles are applied to employees across the group.

Pay principle	Our pay design links to our pay principles				
	Pay for performance	Shareholder alignment	Incentivisation	Consistency	Attract and retain talent
<b>(1) Base salary (or total cost to company (TCTC))</b>	<ul style="list-style-type: none"> <li>Base salary = fixed pay, with the cost of employers' taxes and employee benefits in addition. Note: the fixed pay of employees in South Africa is quoted in terms of TCTC, which includes the cost of employers' taxes and employee benefits.</li> <li>Personal performance is the primary driver for pay increases.</li> <li>Set at a level to ensure we can <b>attract and retain</b> talent of the required calibre.</li> <li>Takes into account regional, local and sector practice as well as an <b>individual's contribution</b>.</li> </ul>				
<b>(2) Short-term incentives (STIs): Annual performance-related incentive or short-term incentive</b>	<ul style="list-style-type: none"> <li>We operate an annual incentive plan that pays out depending on performance achieved against <b>strategic, operational and financial objectives</b>.</li> <li>The purpose of the annual incentive plan is to ensure executive alignment with and focus on the annual board-approved business plan. We believe that the achievement of these annual plans will cumulatively drive long-term shareholder value.</li> <li>The same structure is applied throughout the organisation to ensure a <b>consistent approach</b> with measures linked to an individual's role so that pay is linked to their <b>contribution</b>.</li> </ul>				
<b>(3a) Long-term incentives (LTIs): Share appreciation rights (SARs)</b>	<ul style="list-style-type: none"> <li>A <b>long-term incentive</b> that pays out based on the growth in value of the business units or an aggregation of underlying assets in a division (eg Ecommerce).</li> <li>Wherever possible, the long-term SAR incentives for executive directors are based on an aggregation of underlying assets so that any value upside delivered by individual businesses are offset by any value downside delivered by other businesses, thus ensuring that senior executives are negatively affected should individual businesses not perform<sup>(1)</sup>.</li> <li>Awards are made to individuals based on their contribution to the business.</li> <li>Any gains are settled in Naspers shares, which are acquired on the market for cash.</li> <li>The change in value is measured over a four- or five-year period to ensure focus on the <b>long-term delivery</b> of shareholder value.</li> </ul>				
<b>(3b) Long-term incentives (LTIs): Naspers share options (SOs)</b>	<ul style="list-style-type: none"> <li>Long-term awards made in Naspers's SOs with payouts based on the growth in Naspers's share price over a four- or five-year period<sup>(2)</sup>.</li> <li>The vesting period has been determined taking into account practice in companies with which we compete for talent.</li> <li>Provides long-term alignment with Naspers's shareholders as value is only delivered to participants if there is an increase in the share price.</li> </ul>				

The human resources and remuneration committee considers that the remuneration policy continues to achieve its objectives of aligning pay with long-term performance of Naspers and shareholder outcomes.

### Notes

<sup>(1)</sup> Some LTI schemes associated with underlying assets in which the group has a minority shareholding are not aggregated into the executive director schemes. There is no annual participant liquidity in these schemes. In some limited cases executive directors have received an award directly in those schemes to ensure that they are incentivised to deliver appropriate returns on invested capital in those businesses.

<sup>(2)</sup> All awards made from September 2017 onwards in Naspers SOs have a four-year-phased vesting period. Awards made prior to this time have a five-year vesting period with vesting at the end of years three, four, and five.

## Remuneration report for the year ended 31 March 2018

continued

### Remuneration focus areas and key decisions in 2017/18

The following table outlines the key areas of focus and key decisions taken by the human resources and remuneration committee during the 2017/18 financial year:

Meeting	Key areas of focus and decisions <sup>(1)</sup>
April 2017	<ul style="list-style-type: none"> <li>Approval of the directors' fees for the following financial year: For consideration by the board and subsequent shareholder approval.</li> <li>Approval of the annual performance incentive KPIs for senior executives for the forthcoming financial year.</li> </ul>
June 2017	<ul style="list-style-type: none"> <li>Performance and total compensation review of senior executives. Decision on previous-year performance and short-term incentive payout, salary increases and long-term incentive awards.</li> <li>Consideration and approval of the annual long-term share-based incentive scheme awards to be made to employees in the Naspers group and long-term share-based incentive scheme limits.</li> <li>Review of SAR scheme valuations completed by Deloitte (report of valuations subcommittee) (see page 79 for a detailed description of the valuations process for SAR schemes).</li> <li>Governance matters: Ethics performance, review of committee's effectiveness in terms of compliance with the committee's charters and review of committee's compliance with the committee charters of the major subsidiary companies.</li> <li>As part of the King IV™ implementation project: Review of committee charters and review of committee charters of the major subsidiary companies.</li> <li>Governance matters: Review of the remuneration policy.</li> <li>Review of policies required to be reviewed by this committee, including but not limited to, the remuneration policy and board diversity policy.</li> </ul>
August 2017	<ul style="list-style-type: none"> <li>Market practice update on governance and executive pay.</li> </ul>
November 2017	<ul style="list-style-type: none"> <li>Shareholder feedback from the remuneration report for the past financial year.</li> <li>Succession planning for senior executives.</li> </ul>
February 2018	<ul style="list-style-type: none"> <li>Consideration of recommendation on directors' fees from external advisors for budget purposes.</li> <li>Executive remuneration design considerations for the 2019 financial year.</li> </ul>

#### Note

<sup>(1)</sup> Ad hoc share-based incentive scheme governance matters are dealt with as and when they arise.

## Remuneration report for the year ended 31 March 2018

continued

### Business performance and remuneration outcomes in respect of 2017/18

Our strategy	<ul style="list-style-type: none"> <li>We build businesses with big potential that address societal needs</li> <li>Achieving leadership positions in high-growth markets</li> </ul>	<ul style="list-style-type: none"> <li>Partnering with local teams and entrepreneurs</li> </ul>
Our business priorities	<ul style="list-style-type: none"> <li>Classifieds</li> <li>Video Entertainment</li> <li>Food Delivery</li> </ul>	<ul style="list-style-type: none"> <li>Fintech</li> <li>Travel</li> <li>B2C Ecommerce</li> </ul>
Our financial highlights	<ul style="list-style-type: none"> <li>Revenue US\$20.1bn, up 38% (and 39% in local currency, excluding M&amp;A).</li> <li>Trading profit up 51% to US\$3.4bn (up 47% and 52% in local currency, excluding M&amp;A).</li> </ul>	<ul style="list-style-type: none"> <li>Core headline earnings, the board's measure of sustainable operating performance, was up 72% on last year at US\$2.5bn.</li> <li>Consolidated development spend down by 17% to US\$669m.</li> </ul>
Our operating highlights	<ul style="list-style-type: none"> <li><b>Ecommerce financial performance</b> Revenue increased 25% (36%) year on year to US\$3.6bn with Classifieds, B2C (business-to-consumer), Payments and Food Delivery contributing meaningfully to the segment's 9% revenue-growth acceleration on the prior year.</li> <li><b>Classifieds</b> Excluding the investment to scale letgo, the Classifieds business turned profitable.</li> <li><b>B2C</b> eMAG Romania reached profitability.</li> <li><b>Payments</b> Reduced trading loss by 42% on the existing footprint and in local currency.</li> </ul>	<ul style="list-style-type: none"> <li><b>Food Delivery</b> Solidified food-delivery focus through investments in Delivery Hero and Swiggy.</li> <li><b>Travel</b> MakeMyTrip's revenue, in local currency and adjusted for the merger with ibibo last year, grew by 21% year on year to US\$222m on the back of healthy growth in its airline ticketing, and hotels and packages businesses.</li> <li><b>Video Entertainment</b> Revenue for the segment increased 8% (7%) to US\$3.7bn and trading profit rose 29% (24%) to US\$369m. Recorded a stable performance, adding just over 1m direct-to-home (DTH) subscribers and 520 000 digital terrestrial television (DTT) subscribers.</li> </ul>
Remuneration outcome	<ul style="list-style-type: none"> <li>80% STI achievement (CEO).</li> <li>4% base salary/TCTC increase (CEO/CFO).</li> <li><b>LTI award CEO</b><sup>(2)</sup> Naspers N share options R70m. Naspers Global Ecommerce SARs US\$4.8m.</li> </ul>	<ul style="list-style-type: none"> <li>83% STI achievement (CFO)<sup>(1)</sup>.</li> <li><b>LTI award CFO</b><sup>(2)</sup> Naspers N share options R38m. Naspers Global Ecommerce SARs US\$2.5m.</li> <li>21% value appreciation Naspers Global Ecommerce Share Appreciation Rights Plan.</li> </ul>

#### Notes

<sup>(1)</sup> The normal bonus target is 50% of TCTC.

This year there was an additional variable bonus capped at 25% of TCTC for obtaining new general funding.

<sup>(2)</sup> Fair value: this represents the value of the share option or share appreciation right on grant date.

## Remuneration report for the year ended 31 March 2018

continued

### Group financial performance<sup>(1)</sup>

Our principal operations are in internet services, where we have interests in listed assets, but predominantly focus on ecommerce (especially online classifieds, fintech, food delivery, business-to-consumer (B2C) ecommerce and new ventures including edtech), video entertainment and media. 79% (2017: 73%) of our revenue now comes from our internet and ecommerce activities, on an economic-interest basis. Consolidated revenue (excluding equity-accounted investments) increased 9% (15%), mainly due to strong performances by the ecommerce businesses that grew their consolidated revenues by 15% (32%). Performance highlights include:

- **Classifieds:** OLX continued to grow around the world and turned profitable in the year (excluding letgo).
- **Etail:** We achieved strong growth across all our etail businesses and eMAG's Romanian business became profitable. Post year-end we signed an agreement to sell our stake in Flipkart for US\$2.2bn, representing an IRR of 32%.
- **Travel:** MakeMyTrip strengthened its leadership in India.
- **Payments:** PayU enjoyed healthy growth, with TPV exceeding US\$25bn, and made key investments in Kreditech and Remitly.
- **Online food delivery:** We continued to invest in this promising sector, including a 22% stake in Swiggy and 23.75% stake in Delivery Hero.
- **Video Entertainment:** Subscribers increased by 1.5m year on year – we now have over 13m subscribers across Africa. Profitability grew 29%.
- **Media24** (excluding Novus) revenues were flat at US\$374m and the larger portion of Media24's investment in Novus was unbundled.
- **Other:** We continued to invest in key opportunities such as edtech.

Across our consumer internet businesses, we compete against both local and global 'tech titans'. Reaching scale consumer internet businesses relatively quickly, in terms of consumer numbers and markets served, is of paramount importance in this environment. It requires significant investment and often involves incurring losses in the early years. We make a deliberate choice to invest in these businesses, knowing that short-term profitability and free cash flow will be negative. As such the financial architecture is quite different to some of our older businesses such as video entertainment or print media. The diversity in our portfolio allows us to sustain this investment phase. Once scale is reached, profitability follows.

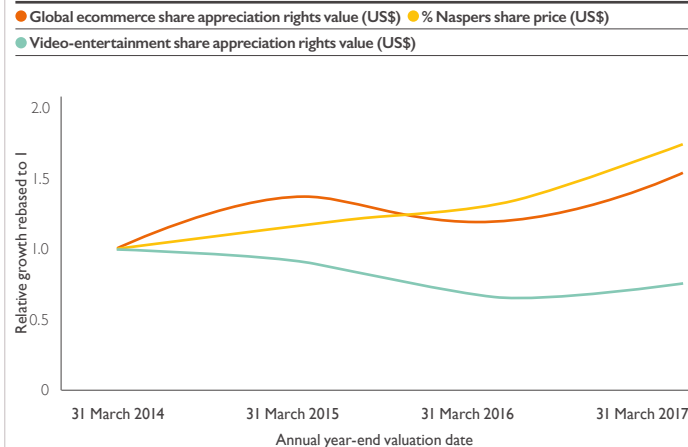
#### Note

<sup>(1)</sup> Where relevant, we have adjusted amounts and percentages for the effects of foreign currency, as well as acquisitions and disposals. Such adjustments (pro forma information) are quoted in brackets after the equivalent metrics reported under IFRS.

### The impact of business performance on long-term incentives

The following graph shows how the valuation of some of our main long-term incentive (LTI) schemes has changed over time, reflecting business performance.

### Value progression of long-term incentive schemes over time (index linked)



More than 80% of the total compensation of the chief executive is delivered through long-term incentives. On page 78, we show all the LTI schemes from which awards have been made historically to the chief executive, CFO and CIO.

The Naspers global ecommerce schemes are designed to incentivise employees who render services across the internet segment. The global ecommerce scheme is effectively a sum-of-the-parts of the various underlying assets. In this way the participants are exposed to the portfolio of assets as a whole (upside and downside) as opposed to each individual asset in isolation. We believe this drives the right behaviour and ensures the focus is the success of the segment as a whole as opposed to an individual asset focus only.

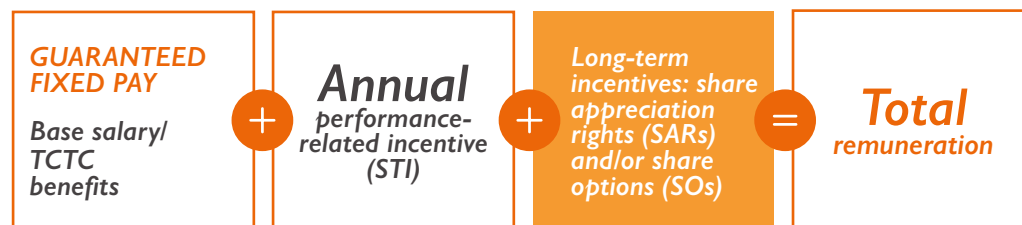
The performance of the scheme was relatively flat when many of our consumer internet businesses were in an investment phase. As more businesses reach profitability and scale, value increases and this is reflected in the scheme's performance post 2016.

The video-entertainment share appreciation rights scheme value reflects the results of both the MultiChoice South African and sub-Saharan African businesses. The decline in the value of this scheme is in line with short-term expectations and is mostly due to negative macroeconomic conditions in 2015 and 2016 with most currencies devaluing, GDP growth stalling, increased competition, and other factors affecting consumers. The sub-Saharan Africa business is currently implementing its turnaround value strategy that is seeing improved operational performance and subscriber growth. However, it will take time for the strategy to have a material positive impact on the financial results of this segment. The group remains committed to the strategy and in the medium term, the segment should see a positive return to growth.

## Remuneration report for the year ended 31 March 2018

continued

### Executive director remuneration in 2017/18



### Total remuneration for executive directors for financial year 2017/18

Element	Bob van Dijk (US\$'000)		Basil Sgourdos (US\$'000)		Mark Sorour <sup>(1)</sup> (US\$'000)	
	FY17	FY18	FY17	FY18	FY17	FY18
Salary/Total cost to company	1 104	1 332	828	862	682	719
Pension	68	81	78	81	223	223
Benefits	57	65	27	27	10	10
Short-term incentives	973	1 064	443	605 <sup>(2)</sup>	1 718	1 904
Long-term incentive plan <sup>(3)</sup>	10 403	9 636	1 752	1 954	958	778
<b>Total single figure</b>	<b>12 605</b>	<b>12 178</b>	<b>3 128</b>	<b>3 529</b>	<b>2 633</b>	<b>3 634</b>

#### Notes

<sup>(1)</sup> Retired as an executive director on 31 March 2018. Mark remained on the board as a non-executive director.

<sup>(2)</sup> Includes an additional variable bonus capped at 25% of TCTC relating to obtaining new general funding.

<sup>(3)</sup> Fair value: represents the value of the option on grant date in accordance with IFRS.

### Value released/vested in long-term incentive schemes in financial year 2017/18<sup>(2)</sup>

Element	Bob van Dijk (US\$'000)	Basil Sgourdos (US\$'000)	Mark Sorour <sup>(1)</sup> (US\$'000)
Naspers share options	14 467	933	1 807
Share appreciation rights	9 017	233	322

#### Notes

<sup>(1)</sup> Retired as an executive director on 31 March 2018. Mark remained on the board as a non-executive director.

<sup>(2)</sup> Fair value on date of grant.

## Remuneration report for the year ended 31 March 2018

continued

### Implementation of the policy in 2018/19

Below we show the remuneration package of the executive directors for financial year 2019 as approved by the human resources and remuneration committee in June 2018.

Fixed pay	Bob van Dijk (US\$'000)	Basil Sgourdos (US\$'000)
Salary	1 385 (4% increase)	—
Total cost to company	—	1 009 (4% increase)

### Design changes for financial year 2019

#### Clawbacks

From financial year 2019, a two-year clawback provision on STI and LTI will be introduced for the chief executive and his direct reports.

#### Chief executive LTI holding requirement

From financial year 2019, the chief executive will be required to maintain a Naspers shareholding of 10 times annual salary.

Further details can be found on page 90.

### Implementation of policy in 2018/19

#### ✓ Short-term incentives (STI)

- Based on financial, operational and strategic performance targets which are tailored for each role
- Awards paid out in cash

#### Maximum opportunity

- 100% of salary for the chief executive
- 100%<sup>(1)</sup> of total cost to company for the CFO

##### Note

<sup>(1)</sup> An additional variable bonus, capped at 25% of total cost to company relating to obtaining new general funding, applies.

#### ✓ Performance measures

	Bob van Dijk	Basil Sgourdos
Financial	50%	50% <sup>(1)</sup>
Operational and strategic	50%	50%

##### Note

<sup>(1)</sup> An additional variable bonus, capped at 25% of total cost to company relating to obtaining new general funding, applies.

#### ✓ Long-term incentives (LTI) – share appreciation rights (SARs)

- Based on the total value of the discrete assets within the ecommerce scheme. Any upside in value created is offset by any downside in the value delivered by individual businesses
- Four- or five-year phased vesting

#### ✓ Long-term incentives (LTI) – share options (SOs)

- Based on Naspers's total share price
- Four- or five-year phased vesting

### In conclusion

In the past year, acknowledging increased focus globally into remuneration practices and disclosures, we have actively listened to our shareholders' feedback on pay and, as a result of this, our focus as a committee will continue to be to ensure that there is a clear and demonstrable link between pay and performance.

We remain committed to maintaining an ongoing dialogue with our shareholders and welcome any feedback that they may have.

\* Total cost to company is fixed pay comprising base salary and non-cash benefits.



## Remuneration report for the year ended 31 March 2018

continued

### 2. Remuneration policy

In this section we present the remuneration policy for our executive directors and an overview of the groupwide remuneration policy.

During the 2017/18 financial year, we carried out a comprehensive shareholder consultation exercise to actively listen to our shareholders' views on remuneration.

One of the consistent themes raised by our shareholders related to the disclosure of senior executive remuneration and how this links to the strategy of the overall group. As a direct response to this, we have significantly increased our disclosure on remuneration.

Below is a summary of the disclosure changes we are implementing for our executive directors for the 2018/19 financial year, together with the associated rationale.

- A clearer link between strategy, business performance, remuneration design and remuneration outcomes.
- More information on the various elements of our compensation system and in particular how we manage and assess performance.
- Greater visibility on fixed pay, versus pay at risk.
- On our STI, more information on the annual performance goals for executive directors and their level of achievement.
- On our LTI:
  - greater clarity about the long-term incentive schemes executive directors participate in
  - more information on how we assess the valuation of our share appreciation rights schemes and on the governance of the LTI schemes, and
  - introducing a view of an index-linked progression of the main long-term incentive schemes, over time.

#### Our remuneration principles

The group has an integrated and balanced approach to its reward strategy that aligns all stakeholder interests, both internal and external. Accordingly, individual reward components are linked to business-specific value drivers of the group. When considering our approach to pay, our overarching principles are as follows:

#### The Naspers approach to remuneration



*We believe in pay for performance; we are comfortable with bigger rewards for those that make the highest contribution*



*Remuneration must be aligned with shareholder outcomes*



*Remuneration must incentivise the achievement of strategic, operational and financial objectives, in both the short and long term*



*We are consistent; our reward package elements are broadly the same\**



*Our reward systems must help us attract and retain the best talent around the world in a fair and responsible way*

\* Some hourly-paid employees do not receive LTIs.

There are many business units within the Naspers group which are at different levels of maturity. Individual business units are therefore responsible for developing their own policies within the overall group remuneration framework according to the principles set out above as well as local laws, taking account of regional, local and sector practice.

The remuneration package of our executive directors is designed to be principally focused on long-term remuneration which only pays out subject to value being delivered in both the underlying business units and the group as a whole. For example, for the 2017/18 financial year 80% of the chief executive's remuneration was delivered in share options or share appreciation rights. Over time, incentives only deliver value to the chief executive when the value to the shareholder also increases.

#### Our remuneration and employment policies

##### Recruitment policy

On the appointment of a new executive director, their package will typically be in line with the policy as outlined above. To facilitate recruitment, it may be necessary to 'buy out' remuneration forfeited on joining the company. This will be considered on a case-by-case basis and may comprise cash or share options/share appreciation rights.

##### Termination policy

Payments in lieu of notice may be made to executive directors comprised of salary or total cost to company (South African employees) for the unexpired portion of the notice period. Such payments may be phased. On cessation, there is no automatic entitlement to an annual performance-related incentive (bonus), however the committee retains the discretion to award a bonus to a leaver during the financial year taking into account the circumstances of their departure. There is no entitlement to a particular severance package provided for in the service contract of executive director or senior managers.

#### Service contracts

Executive directors' service contracts comply with terms and conditions of employment in the local jurisdiction. Details of the date of appointment and relevant employer notice period are set out in the following table:

	Bob van Dijk	Basil Sgourdos	Mark Sorour <sup>(1)</sup>
<b>Date of appointment</b>	1 August 2013	1 August 1995	1 October 2002
<b>Notice period</b>	Six months	Three months	Three months

Note

<sup>(1)</sup> Retired as an executive director on 31 March 2018. Mark remained on the board as a non-executive director.

#### Ensuring a fair and responsible approach to pay

To ensure a fair and reasonable approach to the remuneration of executive directors in the context of the wider group, in practice the committee takes the same approach as for the wider workforce.

A number of factors are taken into account including:

- Individual performance.
- The approach to pay throughout the organisation.
- Company affordability and trading environment, including return on invested capital.
- The total remuneration pay mix for each individual.
- The relative contribution of the job to the overall business success.

Market pay benchmarking is considered an additional reference point. Individual performance is the primary determining factor in whether to grant a pay increase. Pay increases are not granted in the absence of a satisfactory level of performance. Similarly, the operational performance of the business and its ability to pay are naturally considered when the quantum of any increase is considered.

#### Our remuneration structure

We have outlined the three elements of pay for our executive directors below, and the approach is similar for the chief executive's direct reports. The same principles are applied to employees across the group, where appropriate.

##### Fixed pay

##### Base salary/TCTC

- Base salary is the fixed pay that an employee receives and reflects the performance and contribution of the individual and market value of the role. The cost of employee benefits and employers' taxes is in addition. People are employed in South Africa on a TCTC basis, and the cost of benefits and employers' tax is included in this figure.
- Salary is paid monthly in cash.
- Benefits provided include a mix of cash and non-cash benefits, including pension, medical and other optional benefits.
- Fixed pay is reviewed annually and any increases are typically effective from 1 April each year.
- A number of factors are taken into account during the review process including personal performance, the scope and nature of the role, relevant companies in the technology sector and local economic indicators such as inflation, cost-of-living changes and the relevant labour market, to ensure remuneration is fair, sensible and market competitive.

##### Variable pay

##### Annual performance-related incentive

- Participants are eligible to receive awards under the discretionary annual performance-related incentive scheme to incentivise and recognise the achievement of group financial and operational objectives and personal performance.
- The purpose of the annual incentive plan is to ensure executive alignment with and focus on the annual

## Remuneration report for the year ended 31 March 2018

continued

board-approved business plan. The achievement of these annual plans will cumulatively drive long-term shareholder value.

- The performance measures for each executive director are tailored to their roles and responsibilities. Further information is provided in the implementation report each year.
- For the group chief executive and group CFO, at least 50% of maximum bonus opportunity is based on financial measures, including and excluding Tencent (in the case of the CEO).
- For the group CIO (retired 31 March 2018), given the nature of this deal-based role, more emphasis was placed on the operational and strategic objectives and hence a smaller weighting (30%) was based on group financial performance.
- The annual bonus opportunity for each executive is agreed annually in advance of the financial year; and any payout is based on targets that are verifiable and aligned to the business plan, risk management policy and strategy. The target and maximum annual bonus opportunity levels are the same for the executive directors (ie there is no possibility to over-perform against the target) and are set at:
  - group chief executive: 100% of base salary
  - group CFO: 50% of total cost to company (plus an additional variable bonus capped at 25% of total cost to company relating to obtaining new general funding, in financial years where such funding is obtained). In FY19, the maximum for the CFO has been moved to 100%, in line with market benchmarks, in addition, as with FY18, a variable bonus capped at 25% of total cost to company relating to obtaining new general funding applies, and
  - group CIO: 200% of total cost to company.
- Any payouts are made wholly in cash.
- Further information on the targets and payouts are provided each year in the implementation report.

The committee may apply judgement and shall have discretion to make appropriate adjustments to an individual's annual bonus to ensure it reflects the underlying financial performance of the group.

**Target setting:** When determining the targets used for our annual performance incentive plan, we take into account a number of reference points including the group internal board-approved business plan and historic performance. The committee undertakes a thorough assessment to ensure that targets are sufficiently stretched in the context of potential remuneration delivered.

The performance of executives and employees against their annual performance incentive objectives (STI) has significant influence on the decision to award long-term incentives. Any share options or share appreciation rights that are awarded will only deliver value to the participant if business performance drives an increase in the value of the asset.

There are therefore three personal performance requirements associated with a stock option or share appreciation right:

- Strong short-term (annual) performance leading to a decision to grant a long-term incentive.
- Ongoing employment which permits the incentive to vest over four to five years.
- Superior performance over time, leading to value creation in the scheme and for the shareholder.

**Note:** Performance measures and weightings are dealt with in more detail in the implementation report. See pages 81 to 91.

### Long-term incentives (LTIs)

- LTI awards comprise a significant portion of total compensation and are designed to incentivise the delivery of sustainable long-term growth and provide alignment with our shareholders.
- Awards are normally granted annually to the executive directors under two types of LTI schemes:
  - share appreciation rights (SARs), and
  - share options (SOs).
- Detailed scheme rules documents provide for the operation and governance of each scheme.

### Share appreciation rights (SARs)

- Awards to executive directors are typically made in the Naspers Global Ecommerce SAR Plan, which takes into account the performance of a number of internet businesses. In this way any non-performing business will balance the value created by others, thus ensuring any gain by the executive directors adequately reflects total return on invested capital. Many of the segment chief executives who report to the group chief executive are similarly incentivised in schemes that consider the sum of the value of all of the businesses for which they are responsible.<sup>(1)</sup>
- SARs deliver value based on the growth in the valuation of a group of businesses over a specified time period with vesting typically over a four- to five-year time period with a term of typically 10 years.
- Any value delivered is based on the change in total value of the business or group of businesses. This means that the sum of all decreases/increases in value is calculated to determine the final value.
- Any payouts are made in an equivalent value of Naspers shares. Naspers shares are bought on the open market and shareholders are not diluted to settle employee SAR gains.

### Share options (SOs)

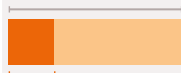
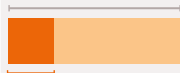






- Awards are made based on the share price on the date of the grant.
- SOs deliver value based on the growth in the share price over a specified time period with vesting typically over a four-year period, with 25% vesting each year and a term of 10 years.
- Value is only delivered if there has been an increase in the share price following the date of grant.
- Once an award vests, participants can then buy company shares at the predetermined strike price and will gain value from any increase in the price.

Note that restricted stock units (RSUs) are not available to the chief executive, CFO, CIO or any direct reports of the chief executive, or other senior executives across the group. The Naspers restricted stock programme is specifically tailored to engineering, specialist and technical talent. The inclusion of RSUs in our remuneration framework ensures that we are attracting and retaining critical technical and specialist talent, such as software engineers and those with specialist skills such as artificial intelligence, machine learning, content rights, product design etc, within highly competitive markets. During FY18 the group purchased on market 42 969 (2017: 57 445) Naspers N ordinary shares at average market prices ranging between R2 650.54 and R3 728 per share in respect of grants awarded in the Naspers RSU trust. In total 197 132 Naspers N ordinary shares have been purchased on market for this purpose.

#### Note

<sup>(1)</sup> Some LTI schemes associated with underlying assets in which the group has a minority shareholding are not aggregated into the executive director schemes, as valuation is dependent on the occurrence of a corporate transaction versus an annual valuation. There is no annual participant liquidity in these schemes. In such limited cases executive directors have received an award directly in those schemes to ensure that they are incentivised to deliver appropriate returns on invested capital in those businesses.

### Outline of LTI plans in operation

	Share appreciation rights (SARs)	Share options (SOs)	Restricted stock units (RSUs)
	A right to benefit from any increase in value of the business unit over which an award is made	A right to buy a Naspers share at a preagreed price	An award of Naspers shares that is transferred to participants after time restrictions have passed
	 <p><b>Value delivered to participant</b> Change in value of business unit between grant and vest</p>	 <p><b>Value delivered to participant</b> Change in share price between grant and vest</p>	 <p><b>Value delivered to participant</b> Full value delivered to the participant</p>
	<ul style="list-style-type: none"> <li>• If there is no change or a decrease in value, there is no gain for the participant.</li> <li>• Gains are settled in Naspers shares</li> </ul>	<ul style="list-style-type: none"> <li>• If there is no change or a decrease in value, there is no gain for the participant.</li> <li>• When the option is exercised the participant becomes a shareholder</li> </ul>	<ul style="list-style-type: none"> <li>• Naspers shares are delivered on vesting</li> </ul>
Granted to executive directors			
Granted to the wider employee population			 *

\* Specifically targeted talent, to attract and retain scarce resource at a junior to mid level in their career.

## Remuneration report for the year ended 31 March 2018

continued

### Executive director participation in share schemes

The table below sets out details of LTI plans in which the executive directors are currently participate. Since September 2016, awards to the chief executive and CFO have been made in the Naspers Global Ecommerce Share Appreciation Rights Plan and the Naspers Share Option Plan only.

Type of plan	Entity	Details	Name of plan	Comments	Executive director participating
Share options	Naspers group N ordinary shares	4-year phased vesting, 10-year term	MIH Services FZ LLC Share Trust <sup>(1)</sup>	Vesting schedule amendment approved in 2017	Bob van Dijk Basil Sgourdos
Share options	Naspers group N ordinary shares	5-year vesting, phased vesting in years 3, 4, 5, 10-year term	MIH Services FZ LLC Share Trust <sup>(1)</sup>	Legacy Naspers Share Option Plan for non-South African residents	Bob van Dijk Basil Sgourdos
Share options	Naspers group N ordinary shares	4-year phased vesting, 10-year term	MIH Holdings Share Trust	Vesting schedule amendment approved in 2017	Mark Sorour
Share options	Naspers group N ordinary shares	5-year vesting, phased vesting in years 3, 4, 5, 10-year term	MIH Holdings Share Trust	Legacy Naspers Share Option Plan for South African residents	Mark Sorour
Share appreciation rights	Naspers Ecommerce	5-year phased vesting, 10-year term	Naspers Global Ecommerce SAR Plan	Reflects main internet companies in the group	Bob van Dijk Basil Sgourdos Mark Sorour
Share appreciation rights	Showmax	5-year phased vesting, 10-year term	Showmax SAR Plan	Last granted in September 2015	Basil Sgourdos Mark Sorour
Share appreciation rights	Flipkart	5-year phased vesting, 10-year term	Flipkart SAR Plan	Last granted in August 2016	Bob van Dijk Mark Sorour
Share appreciation rights	SimilarWeb	5-year phased vesting, 10-year term	SimilarWeb SAR Plan	Last granted in September 2016	Bob van Dijk Mark Sorour
Share appreciation rights	Takealot	5-year phased vesting, 10-year term	Takealot SAR Plan	Last granted in August 2016	Mark Sorour
Share appreciation rights	MIH China/MIH TC (Tencent)	5-year phased vesting, 10-year term	MIH China/MIH TC 2008 SAR Plan	Last granted in January 2014	Mark Sorour

#### Note

<sup>(1)</sup> The MIH Mauritius N ordinary share option scheme covering the Naspers group was redomiciled to United Arab Emirates and as a result the name was changed. Refer to Annexure A: Details of executive director participation in share schemes.

## Remuneration report for the year ended 31 March 2018

continued

### Valuing long-term incentives

We operate SO and SARs plans that are associated with businesses not publicly listed. We must therefore perform an annual valuation on these assets, which ensures we maintain ongoing alignment between value creation for shareholders and management and employee remuneration outcomes.

For executives who are responsible for a number of businesses, it is important to incentivise them on the overall performance of the assets for which they are responsible, ensuring that they are not incorrectly rewarded for success in one part of their portfolio if value is not being created in another. We therefore created several 'umbrella' (or sum-of-the-parts) schemes encompassing several assets in which the most senior executives participate. Examples include the Naspers Global Ecommerce SAR scheme, the Naspers Global Classifieds SAR scheme and the Naspers Fintech SAR scheme.

Some LTI schemes associated with underlying assets in which the group has a minority shareholding have not been aggregated into the umbrella schemes, as the valuation of these schemes is dependent on the occurrence of a corporate transaction versus the annual valuation as performed for the umbrella schemes. There is also no liquidity for participants in these schemes until the occurrence of a liquidity event (and the awards have vested) versus regular liquidity in the umbrella schemes (once the awards have vested). In such limited cases senior executives have received an award directly in those schemes to ensure that they are incentivised to deliver appropriate returns on invested capital in those businesses. No awards

have been made to executive directors in such schemes since September 2016.

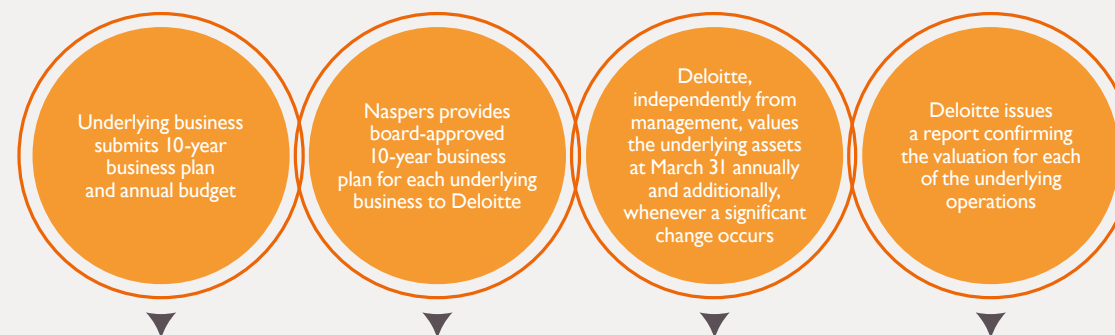
The chief executive, CFO and CIO participate in the Naspers Global Ecommerce SAR scheme which is a sum-of-the-parts scheme consisting of the main entities in ecommerce. The valuation process is illustrated below and it is indicative of the process for all other schemes. The underlying assets included in the scheme are valued in accordance with their relevant rules and the valuations and governance processes are shown below.

### Scheme limits

We place limits on how much of the cap table is available for employee compensation. In general, no more than 15% of the capitalisation (cap) table can be used for employee compensation. Depending on the life stage of the business, the scheme limit can be lower.

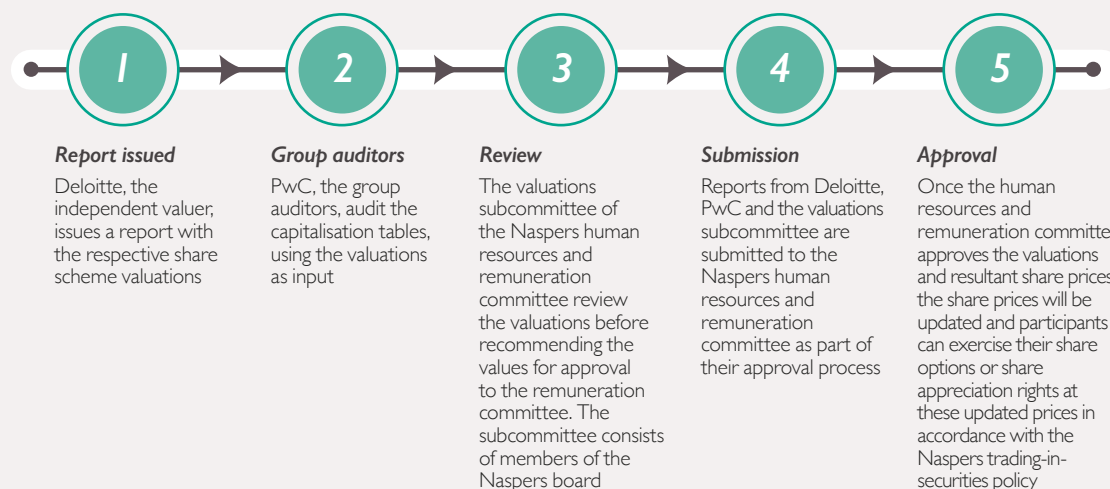
When the business takes funding from Naspers, the scheme gets diluted as additional shares are issued.

### Valuations process



Segment schemes and the ecommerce schemes are a 'basket of assets' representing the valuations of the underlying operations

### Governance



## Remuneration report for the year ended 31 March 2018

continued

### Performance management at Naspers

Pay for performance is one of the pillars of our reward philosophy. Personal performance (including the financial results of the business) is the determining factor in whether an individual receives a base salary or TCTC increase, an annual performance-related incentive payout and/or a LTI in the form of SOs or SARs.

Our executives are eligible to participate in a performance-related STI programme. This is an annual programme in which participants may receive annual performance-related incentive payments if they achieve certain preapproved business and personal goals. Similarly, mostly annual, STI programmes are operated across the group.

Performance goals are directly aligned with the approved business plans. In the case of the chief executive, his annual performance-related incentive goals are exactly as per the Naspers board-approved annual business plan. The annual goals of functional and business segment leaders reporting to the chief executive will similarly be based on financial and personal objectives, tailored to their specific areas of responsibility and impact.

Personal goals are arrived at as an outcome of the annual business planning process. As budgets and operating plans are designed prior to the end of the financial year, so too are the personal performance goals at an individual level. These goals, if achieved, drive the accomplishment of the financial and operating plan of the business and how it is delivered.

Managers engage in continuous conversations with their people throughout the financial year to ensure that their plans are on track. At the end of the financial year both the overall performance of the business, and the individual's achievement of their personal goals are considered and this may translate into the payment of an annual performance-related incentive. While we do not force-rank performance scores, we do expect that any performance-related incentive payments reflect the overall performance of the business where appropriate. Individuals who have performed well against their performance-related incentive goals, are eligible to be considered for a LTI grant and a pay increase. Only strong performers are considered for LTI awards.

### Non-executive directors' remuneration policy

The fee structure for non-executive directors has been designed to ensure we attract, retain and appropriately compensate a diverse and internationally experienced board of non-executive directors, given the highly competitive markets in which we operate in, and the global competition we face.

Non-executive directors receive an annual fee as opposed to a fee per meeting, which recognises their ongoing responsibility for effective control of the company. They may also receive an additional fee for group board committees and subsidiary boards, to reflect the additional responsibilities and associated time commitment. Remuneration is reviewed annually, and is not linked to the company's share price or performance. Non-executive directors do not qualify for share allocations under the group's incentive schemes.

The remuneration of non-executive directors is determined following a benchmarking exercise which considers not only JSE-listed companies, but, given the relative size, scale and complexity of the group's activities, also considers international comparators in the media, video-entertainment and consumer internet sectors.

### Non-executive directors' terms of appointment

The board has clear procedures for appointing and orientating directors. The nomination committee periodically assesses the skills represented on the board and determines whether these meet the company's needs. Annual self-evaluations are done by the board and its committees. Directors are invited to give their input in identifying potential candidates. Members of the nomination committee propose suitable candidates for consideration by the board. A fit-and-proper evaluation is performed for each candidate.

### Retirement and re-election of directors

All non-executive directors are subject to retirement and re-election by shareholders every three years. Additionally, non-executive directors are subject to election by shareholders at the first suitable opportunity for interim appointments. The names of non-executive directors submitted for election or re-election are accompanied by brief biographical details to enable shareholders to make an informed decision on their election. The reappointment of non-executive directors is not automatic.

For the full remuneration policy, go to [www.naspers.com](http://www.naspers.com).

## Remuneration report for the year ended 31 March 2018

continued

### 3. Implementation of remuneration policy

In this section we outline how our remuneration policy for executive directors has been implemented during this financial year and how we intend to operate it during the next financial year. All decisions in relation to executive remuneration have been made in line with our remuneration policy for this financial year.

#### Executive directors' total remuneration for the financial year to 31 March 2018

		Guaranteed fixed pay (US\$'000) <sup>(1)</sup>	Actual annual bonus (US\$'000) <sup>(2)</sup>	Total (US\$'000)	Fair value LTI awarded (US\$'000) <sup>(3)</sup>
Bob van Dijk	2018	1 332	1 064	2 396	9 636
	2017	1 104	973	2 077	10 403
Basil Sgourdos	2018	862	605	1 467	1 954
	2017	828	443	1 271	1 752
Mark Sorour <sup>(4)</sup>	2018	719	1 904	2 623	778
	2017	682	1 718	2 400	958

#### Notes

<sup>(1)</sup> Guaranteed fixed pay for 2018 comprises base salary levels of US\$1 332 000 for Bob van Dijk with the remainder attributing to pension and other benefits, eg medical insurance. For Basil Sgourdos and Mark Sorour this comprises total TCTC of US\$970 000 and US\$952 000 respectively, which incorporates base salary and any benefits.

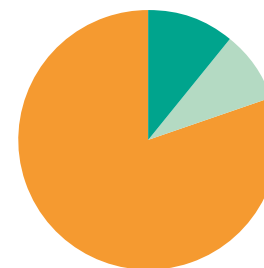
<sup>(2)</sup> Annual bonus levels paid out in respect of each financial year.

<sup>(3)</sup> The fair value of LTIs awarded during each financial year. Details of the separate awards can be found in the shareholding table on page 83.

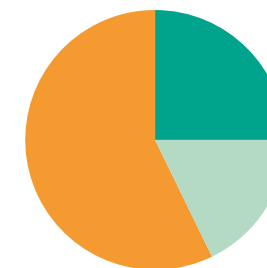
<sup>(4)</sup> Retired as an executive director on 31 March 2018. Mark remained on the board as a non-executive director and remains on the Mail.ru Group board. To provide management with the option of obtaining his advice on critical transactions, a consultancy contract was concluded with Mark.

Below we show the relative weightings of each type of compensation: Base salary/ TCTC, STI and LTIs for each executive as at 31 March 2018.

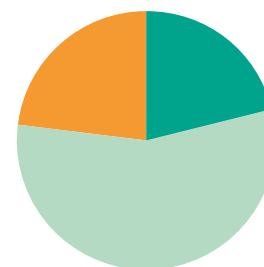
#### BOB VAN DIJK



#### BASIL SGOURDOS



#### MARK SOROUR





## Remuneration report for the year ended 31 March 2018

continued

### Guaranteed fixed pay (TCTC)

During the year, levels of base salary and TCTC (where relevant) continued to vary across the jurisdictions where we operate. In determining any increases for executive directors we considered personal performance, business performance and local economic indicators, overall movement in the local (and, where appropriate, regional and global) labour market, and levels observed across the wider workforce. During the year, group companies made contributions for executive directors to the appropriate pension schemes. These contributions are in line with market norms and constitute a modest proportion of the individuals' total remuneration.

### Annual incentive payout in respect of the 2017/18 financial year

During the financial year, the bonus awards were subject to a combination of financial, operational and strategic performance measures. The target and maximum achievement levels are one and the same (ie there is no opportunity to overachieve on bonus payout) and were:

Bob van Dijk: 100% of base salary

Basil Sgourdos: 50% of TCTC (plus an additional variable bonus capped at 25% of TCTC relating to obtaining new general funding, in financial years where such funding is obtained)

Mark Sorour: 200% of TCTC

The weightings of each performance measure varied for each executive director, subject to their key priorities during the year.

### Annual performance incentive: Achievement against financial goals

In the following tables we outline the actual outcomes for each financial performance measure relative to the target set at the beginning of the financial year, together with the resulting payout.

Financial measure	Actual	Bonus impact	Bonus target			Bonus achieved		
			Bob van Dijk	Basil Sgourdos	Mark Sorour	Bob van Dijk	Basil Sgourdos	Mark Sorour
			% of base salary	% TCTC		% of base salary	% TCTC	
Revenue	US\$20.1bn	Achieved	10	–	–	10	–	–
Free cash outflow	US\$242m	Achieved	10	25	25	10	25	25
Core headline earnings	US\$2 507m	Achieved	15	25	25	15	25	25
Core headline earnings (excluding Tencent)	(US\$781m)	Achieved	15	–	–	15	–	–

In addition to the above, each executive director was also subject to strategic and operational performance measures.

### Strategic and operational performance measures for Bob van Dijk (chief executive)

accounted for 50% of his total bonus opportunity. These related to classifieds, payments, food delivery, travel, B2C ecommerce and video entertainment. Financial measurements included topline growth (eg gross merchandise volume (GMV)), revenue growth, trading profit growth (or trading loss reduction). Operational measurements included growth in the number of customers, relative competitive position and new product and/or new market development.

### Strategic and operational performance measures for Basil Sgourdos (CFO)

accounted for 50% of his total bonus opportunity and related to the management of the finance function, with an emphasis on tax, treasury, investor relations, governance and control, and finance talent.

### Mark Sorour – annual performance incentive:

The short-term incentive for Mark Sorour was based on group financial goals (as per those for the chief executive and CFO) with a weighting of 30%. 70% of the short-term incentive for the chief investment officer relates to M&A deals. The nature of these goals is naturally confidential but the typical incentives relate to the price and mechanics of the deal.

**Outcomes:** The outcomes above resulted in annual bonus payout levels of 80% base salary for Bob van Dijk and 62% and 200% of TCTC for Basil Sgourdos and Mark Sorour respectively.

### Long-term incentives costs

As a committee, we have endeavoured to be more transparent on the disclosure of the awards made, and those outstanding under our long-term incentive scheme.

Share-based compensation incentives across the group account for 8.7% of total staff costs, and 1.8% of overall group costs, for example the cost of providing services and sale of goods; selling, general and administration expenses. Further details can be found on pages 140 to 151 of the full annual financial statements on [www.naspers.com](http://www.naspers.com).

Given the nature of our businesses, we operate a number of incentive plans for our executive directors to ensure they are incentivised across the whole portfolio. A full statement of the holdings of the executive directors can be found on pages 88, 90 and 91.

## Remuneration report for the year ended 31 March 2018

*continued*

### Plan participation

Schemes in which executive directors were awarded LTIs in FY18:

	Active LTI plans	Entity	Details	Award made to
SARs	Naspers Global Ecommerce	Naspers	5-year annual phased vesting  Valuation based on the underlying assets	Bob van Dijk Basil Sgourdos Mark Sorour
SOs	Naspers N ordinary shares		4-year phased vesting	Bob van Dijk Basil Sgourdos Mark Sorour

Details of the group's share-based incentive schemes are disclosed in note 43 on pages 140 to 142 of the annual financial statements on [www.naspers.com](http://www.naspers.com).

### Value of historical long-term incentive grants to executive directors

Due to the pace of change in our industry and the evolution of key priorities each year, the award levels for each executive director vary from year to year. To reflect this, we have provided a summary below of the awards made to each executive director over the past three years.

	Bob van Dijk (US\$'000)		Basil Sgourdos (US\$'000)		Mark Sorour (US\$'000)	
	Face value <sup>(1)</sup>	Fair value <sup>(1)</sup>	Face value <sup>(1)</sup>	Fair value <sup>(1)</sup>	Face value <sup>(1)</sup>	Fair value <sup>(1)</sup>
<b>FY16</b>	<b>0</b> (0% Naspers shares, 0% SARs)	<b>0</b>	<b>2 053</b> (51% Naspers shares, 49% SARs)	<b>848</b>	<b>3 074</b> (51% Naspers shares, 49% SARs)	<b>1 308</b>
<b>FY17</b>	<b>21 630</b> (100% Naspers shares)	<b>10 403</b>	<b>4 970</b> (33% Naspers shares, 67% SARs)	<b>1 752</b>	<b>2 473</b> (53% Naspers shares, 47% SARs)	<b>958</b>
<b>FY18</b>	<b>36 290</b> (32% Naspers shares, 68% SARs)	<b>9 636</b>	<b>7 634</b> (17% Naspers shares, 83% SARs)	<b>1 954</b>	<b>2 494</b> (100% Naspers shares)	<b>778</b>

#### Note

<sup>(1)</sup> Grant date face value/fair value for awards.

As per King IV™ guidelines, we set out the fair value for all awards made in the year and all of those awards that are outstanding.

## Remuneration report for the year ended 31 March 2018

continued

### Awards released during the period 1 April 2017 to 31 March 2018

During the year a number of share options and share appreciation rights were released (vested) to executive directors and these are outlined in the adjacent table.

	Naspers N options				Share appreciation rights				
	Number of options	Release value at release date (R)	Face value at grant date (R)	Fair value at grant date (R)	Scheme name	Number of share appreciation rights	Release value	Face value	Fair value
Bob van Dijk	277 333	813 120 943	319 735 321	151 090 876	Flipkart SAR Plan	73 170	US\$4 656 539	US\$4 656 539	US\$1 685 025
	6 698	17 314 330	5 143 348	2 126 188	SimilarWeb SAR Plan	39 937	US\$225 644	US\$57 909	US\$19 188
					Naspers Global Ecommerce SAR Plan	1 493 226	US\$41 287 699	US\$23 264 461	US\$7 312 840
Basil Sgourdos	11 124	28 940 310	4 835 861	1 869 837	Naspers Global Ecommerce SAR Plan	9 682	US\$267 707	US\$179 988	US\$53 810
	7 469	21 625 593	10 297 310	4 441 337	Naspers Global Ecommerce SAR Plan	32 599	US\$896 798	US\$666 650	US\$170 017
	9 120	23 575 200	7 003 186	2 895 019	Showmax SAR Plan	1 111	US\$19 998	US\$19 998	US\$9 621
Mark Sorour <sup>(1)</sup>	10 000	29 319 300	11 528 933	5 280 064	MIH China/MIH TC 2008 SAR Plan	8 000	US\$1 447 280	US\$343 590	US\$89 413
	9 337	27 034 163	12 872 672	5 307 703	Flipkart SAR Plan	617	US\$39 266	US\$39 266	US\$14 209
	13 680	35 362 800	10 504 780	4 203 648	Flipkart SAR Plan	942	US\$59 949	US\$59 949	US\$20 704
	18 539	48 231 248	8 059 335	3 206 296	Flipkart SAR Plan	841	US\$53 521	US\$53 521	US\$12 834
	13 680	35 362 800	10 504 780	4 203 648	SimilarWeb SAR Plan	344	US\$1 944	US\$499	US\$165
	18 539	48 231 248	8 059 335	3 206 296	SimilarWeb SAR Plan	1 497	US\$8 458	US\$10 000	US\$3 927
					SimilarWeb SAR Plan	1 336	US\$7 548	US\$8 924	US\$4 301
					Naspers Global Ecommerce SAR Plan	13 493	US\$373 081	US\$210 221	US\$66 080
					Naspers Global Ecommerce SAR Plan	8 606	US\$237 956	US\$159 985	US\$47 830
					Naspers Global Ecommerce SAR Plan	6 985	US\$192 157	US\$142 843	US\$36 430
					Takealot SAR Plan	1 094	R97 847	R121 478	R52 179
					Takealot SAR Plan	925	R82 732	R121 129	R38 779
					Showmax SAR Plan	2 222	US\$39 996	US\$39 996	US\$19 242

#### Note

<sup>(1)</sup> Retired as an executive director on 31 March 2018. Mark remained on the board as a non-executive director.

## Remuneration report for the year ended 31 March 2018

continued

### Awards made during the period 1 April 2017 to 31 March 2018

Naspers N share options				Share appreciation rights			
	Number of options	Face value <sup>(1)</sup> (R)	Fair value (R)	Scheme name	Number of share appreciation rights	Face value (US\$)	Fair value (US\$)
Bob van Dijk	51 728	148 031 569	44 959 480	Naspers Global Ecommerce SAR Plan	733 945	20 000 001	4 980 814
				Naspers Global Ecommerce SAR Plan	175 259	4 837 148	1 176 485
Basil Sgourdos	5 776	16 529 352	5 020 220	Naspers Global Ecommerce SAR Plan	126 766	3 454 374	860 281
				Naspers Global Ecommerce SAR Plan	105 088	2 900 429	705 439
Mark Sorour <sup>(2)</sup>	11 049	32 549 139	10 151 905				

#### Notes

<sup>(1)</sup> Grant date face/fair value for awards.

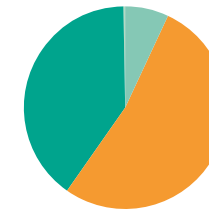
<sup>(2)</sup> Retired as an executive director on 31 March 2018. Mark remained on the board as a non-executive director.

### Executive directors' relative shareholding by scheme (fair value)

#### Value of unvested equity grants by scheme after FY18 grant

#### BOB VAN DIJK

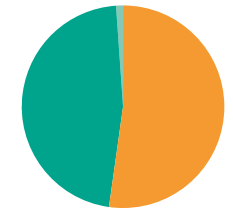
Unvested equity mix after FY18 grant (fair value)



	%
FLIPKART SAR PLAN	7
MIH SERVICES FZ LLC (Naspers shares)	53
NASPERS GLOBAL ECOMMERCE SAR PLAN	40
SIMILARWEB SAR PLAN	0.1

#### BASIL SGOURDOS

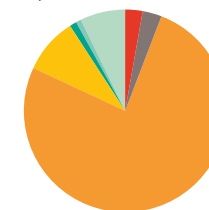
Unvested equity mix after FY18 grant (fair value)



	%
MIH SERVICES FZ LLC (Naspers shares)	53
NASPERS GLOBAL ECOMMERCE SAR PLAN	47
SHOWMAX SAR PLAN	1

#### MARK SOROUR

Unvested equity mix after FY18 grant (fair value)



	%
FLIPKART SAR PLAN	3
MIH CHINA/MIH TC 2008 SAR PLAN	3
MIH HOLDINGS SHARE TRUST (Naspers shares)	76
NASPERS GLOBAL ECOMMERCE SAR PLAN	9
SHOWMAX SAR PLAN	1
SIMILARWEB SAR PLAN	1
TAKEALOT SAR PLAN	7

Mark Sorour has not received a grant in the underlying schemes since August 2017.

## Remuneration report for the year ended 31 March 2018

continued

### Gains made on any options or SARs exercised during the period 1 April 2017 to 31 March 2018

	Naspers – N share options					Share appreciation rights			
	Date exercised	Number of options	Strike price	Exercise price	Gross gain	Date exercised	Scheme	Strike price	Exercise price
Bob van Dijk	–	–	–	–	–	–	–	–	–
Basil Sgourdos	–	–	–	–	–	–	–	–	–
Mark Sorour	03/07/2017	13 680	R770.00	R2 600.00 to R2 601.61	R35 575 136				
	19/07/2017 <sup>(1)</sup>	5 833		R2 768.27 to R2 775.01	R16 178 111	19/07/2017 <sup>(1)</sup>	MIH China/MIH TC 2008 SAR Plan	US\$42.95	US\$116.29

#### Note

<sup>(1)</sup> Mr Sorour exercised share appreciation rights in a group share-based incentive plan and received 5 833 Naspers N ordinary shares in settlement of the gain. He then sold 5 833 Naspers N ordinary shares.

### Dilutive impact of group share-based incentive schemes

From 1 April 2018, the group will purchase Naspers shares on the JSE for the purpose of issuing new Naspers share options to employees and settling gains made on all share-based incentive schemes.

The group's share-based incentive schemes are set out in equity compensation benefits in the notes to the annual financial statements on [www.naspers.com](http://www.naspers.com). At 31 March 2018 the group held 3 097 876 (2017: 3 293 211) Naspers N ordinary shares as treasury shares to settle outstanding options under certain group share incentive schemes.

The expected dilutive effect of these treasury shares on the group's earnings, on a per-share basis, was 8 US cents per N ordinary share (2017: 2 US cent). In accordance with schedule 14 of the JSE Listings Requirements and the South African Companies Act, at the annual general meeting in August 2011 shareholders approved that up to

40 588 541 Naspers N ordinary shares (some 10% of Naspers's N ordinary share capital at 31 March 2010) may be issued for the group's share-based incentive schemes. During the financial year to 31 March 2018, 390 806 new N ordinary shares had been so issued, resulting in a total of 30.10% of the approved 40 588 541 Naspers N ordinary share capital being used to date.

#### Non-executive directors' fees

The committee is informed by the external market when reviewing the fee structure and levels for our non-executive directors. This includes market fee levels for Naspers's industry peers internationally, such as competitors in the same industry and of similar scale and those fee levels observed in the Top 10 JSE companies.

The current non-executive director fee structure and levels, which reflect a 5% year-on-year increase, were approved by shareholders at the annual general meeting in August 2017.

		31 March 2018	31 March 2019
<b>Board</b>			
Chair		US\$452 000	US\$474 600
Member		US\$180 800	US\$189 840
Daily fees when travelling to and attending meetings outside home country		US\$3 500	US\$3 500
<b>Committees</b>			
<b>Audit committee</b>	Chair	US\$111 350	US\$116 925
	Member	US\$44 540	US\$46 770
<b>Risk committee</b>	Chair	US\$66 150	US\$69 450
	Member	US\$26 460	US\$27 780
<b>Human resources and remuneration committee</b>	Chair	US\$78 250	US\$82 163
	Member	US\$31 300	US\$32 865
<b>Nomination committee</b>	Chair	US\$42 175	US\$44 275
	Member	US\$16 870	US\$17 710
<b>Social and ethics committee</b>	Chair	US\$57 875	US\$60 775
	Member	US\$23 150	US\$24 310
<b>Other</b>			
Trustee of group share schemes/other personal funds		R48 720	R51 200

## Remuneration report for the year ended 31 March 2018

continued

### Non-executive directors' fees continued

The non-executive chair does not receive additional remuneration for attending meetings, or being a member of or chairing any committee of the board, or attending Tencent board and committee meetings.

Non-executive directors	2018							2017						
	Directors' fees <sup>(1)</sup>		Committee <sup>(2)</sup> and trustee <sup>(3)</sup> fees		Other fees <sup>(4)</sup>		Total 2018 US\$'000	Directors' fees <sup>(1)</sup>		Committee <sup>(2)</sup> and trustee <sup>(3)</sup> fees		Other fees <sup>(4)</sup>		Total 2017 US\$'000
	Paid by company US\$'000	Paid by subsidiary US\$'000	Paid by company US\$'000	Paid by subsidiary US\$'000	Paid by company US\$'000	Paid by subsidiary US\$'000		Paid by company US\$'000	Paid by subsidiary US\$'000	Paid by company US\$'000	Paid by subsidiary US\$'000	Paid by company US\$'000	Paid by subsidiary US\$'000	
J P Bekker	526	23	–	–	–	–	549	504	20	–	–	–	–	524
E M Choi	258	–	28	–	–	–	286	–	–	–	–	–	–	–
H J du Toit	–	–	–	–	–	–	–	–	–	–	–	–	–	–
C L Enenstein	258	–	10	–	–	50	318	246	–	–	–	–	50	296
D G Eriksson	233	53	235	52	–	–	573	218	47	224	36	–	–	525
R C C Jafta	233	70	199	10	–	–	512	218	61	180	26	–	–	485
F L N Letele	233	–	23	–	–	433	689	218	–	22	–	–	275	515
G Liu	258	–	–	–	–	–	258	232	–	–	–	–	–	232
D Meyer	233	23	23	13	–	–	292	218	20	22	12	–	–	272
R Oliveira de Lima	261	–	5	–	–	50	316	232	–	–	–	–	50	282
S J Z Pacak	251	35	26	17	–	47	376	246	31	25	14	–	187	503
T M F Phaswana	233	–	48	–	–	–	281	242	–	46	–	–	–	288
J D T Stofberg	251	–	0	–	–	–	251	221	–	–	–	–	–	221
B J van der Ross	230	–	71	–	–	–	301	218	–	68	–	–	–	286
<b>Total</b>	<b>3 458</b>	<b>204</b>	<b>668</b>	<b>92</b>	<b>–</b>	<b>580</b>	<b>5 002</b>	<b>3 013</b>	<b>179</b>	<b>587</b>	<b>88</b>	<b>–</b>	<b>562</b>	<b>4 429</b>

#### Notes

<sup>(1)</sup> Koos Bekker elected to donate the full after-tax proceeds of his Naspers director's fees, being R3.4m, to Simondium Primary, a school serving mostly farmworkers' children in the Drakenstein Valley of South Africa.

<sup>(2)</sup> Appointed 21 April 2017.

<sup>(3)</sup> Hendrik du Toit elected not to receive director's fees.

<sup>(4)</sup> Compensation for assignments.

#### General notes

Directors' fees include fees for services as directors, where appropriate, of Media24 Proprietary Limited, MultiChoice South Africa Holdings Proprietary Limited and NMS Insurance Services Limited. An additional fee may be paid to directors for work done as directors with specific expertise.

Committee fees include fees for attending meetings of the audit committee, risk committee, human resources and remuneration committee, nominations committee and social and ethics committee. Committee and trustee fees include, where appropriate, fees to be considered by shareholders at the annual general meeting on 24 August 2018 for services as trustees of the group share-based schemes. Non-executive directors are subject to regulations on appointment and rotation in terms of the company's memorandum of incorporation and the South African Companies Act.



## Remuneration report for the year ended 31 March 2018

continued

The committee conducts an annual benchmarking exercise to ascertain whether the fees for non-executive directors are competitive, fair and reasonable. Fees are not only benchmarked against JSE-listed companies but also against international publicly listed companies operating in the consumer internet sector. Given the global scale and complexity of the businesses which the group operates and has interest in, it is important that we can attract and retain the best globally orientated board members.

Non-executive directors do not receive any long-term or equity-based compensation.

### Termination payments

No termination payments were made to executive and non-executive directors on termination of employment or office in FY18.

### Compliance

There were no deviations from the remuneration policy in FY18.

### Directors' interest in Naspers shares

The directors of Naspers have the following interests in Naspers A ordinary shares on 31 March:

Name	31 March 2018			31 March 2017		
	Naspers A ordinary shares			Naspers A ordinary shares		
	Beneficial		Total	Beneficial		Total
	Direct	Indirect		Direct	Indirect	
J D T Stofberg	–	166	166	–	166	166

The directors of Naspers (and their associates) had the following interests in Naspers N ordinary shares as at 31 March:

Name	31 March 2018			31 March 2017		
	Naspers N ordinary shares			Naspers N ordinary shares		
	Beneficial		Total	Beneficial		Total
	Direct	Indirect		Direct	Indirect	
J P Bekker	–	4 688 691	4 688 691	–	4 688 691	4 688 691
E M Choi <sup>(1)</sup>	–	–	–	–	–	–
H J du Toit	–	–	–	–	–	–
C L Enenstein	–	–	–	–	–	–
D G Eriksson	–	–	–	–	–	–
R C C Jafta	–	–	–	–	–	–
F L N Letele <sup>(2)</sup>	1 474	–	1 474	737	–	737
G Liu	–	–	–	–	–	–
D Meyer	–	–	–	–	–	–
R Oliveira de Lima	–	–	–	–	–	–
S J Z Pacak <sup>(3),(4),(8)</sup>	376 635	291 548	668 183	312 635	537 548	850 183
T M F Phaswana	–	3 530	3 530	–	3 530	3 530
V Sgourdos <sup>(8)</sup>	–	86 990	86 990	–	59 277	59 277
M R Sorour <sup>(5),(6),(8)</sup>	1 219	61 556	62 775	1 262	23 680	24 942
J D T Stofberg	159 831	291 888	451 719	159 831	291 888	451 719
B J van der Ross <sup>(7)</sup>	1 650	820	2 470	–	400	400
B van Dijk <sup>(8)</sup>	–	568 062	568 062	–	284 031	284 031
<b>Total</b>	<b>540 809</b>	<b>5 993 085</b>	<b>6 533 894</b>	<b>474 465</b>	<b>5 889 045</b>	<b>6 363 510</b>

### General note

Koos Bekker and Cobus Stofberg each have an indirect 25% interest in Wheatfields 221 Proprietary Limited, which controls 168 605 Naspers Beleggings (RF) Beperk ordinary shares, 16 860 500 Keeromstraat 30 Beleggings (RF) Beperk ordinary shares and 169 865 Naspers A shares. No other director of Naspers had any direct interest in Naspers A ordinary shares at 31 March 2018 or 31 March 2017.

### Notes

- <sup>(1)</sup> Appointed 21 April 2017.
- <sup>(2)</sup> On 8 February 2018 Nolo Letele purchased 737 Naspers N ordinary shares upon payment of the amount of R100 794.54 to the MIH Holdings Share Trust.
- <sup>(3)</sup> On 10 July 2017 Steve Pacak's family trust sold 15 000 Naspers N ordinary shares at average market prices ranging between R2 523.00 and R2 529.37 per share. On 7 February 2018 Steve's family trust sold 185 000 Naspers N ordinary shares at average market prices ranging between R3 012.86 and R3 077.24 per share in the MIH Services FZ LLC Share Trust. On 7 February 2018, 300 000 Naspers N ordinary shares were delivered to Steve's family trust upon payment of the amount of R41 028 950.84 to MIH Services FZ LLC Share Trust from the proceeds of the sale of the 185 000 Naspers N ordinary shares. On 7 September 2017, 18 000 N ordinary shares held in the MIH Services FZ LLC Share Trust vested.
- <sup>(4)</sup> The comparative has been restated to correct the allocation between direct and indirect holding. The total number of shares held, remains unchanged.
- <sup>(5)</sup> On 13 March 2018 Mark Sorour's spouse sold 43 Naspers N ordinary shares at a market price of R3 566.00 per share.
- <sup>(6)</sup> Retired as an executive director on 31 March 2018. Mark remained on the board as a non-executive director.
- <sup>(7)</sup> On 15 December 2017 Ben van der Ross's family trust purchased 420 Naspers N ordinary shares at a market price of R3 395.00 per share. On 16 January 2018 Ben purchased 1 650 Naspers N ordinary shares at average market prices ranging between R3 653.76 and R3 679.19 per share.
- <sup>(8)</sup> Naspers share options that have been released (vested), but have not yet been exercised, are included in the indirect column:

	Number of released/ vested options FY18	Number of released/ vested options FY17
S J Z Pacak	254 000	236 000
V Sgourdos	86 990	59 277
B van Dijk	568 062	284 031

There have been no further changes to the directors' interests between the end of the financial year and 22 June 2018.

## Remuneration report for the year ended 31 March 2018

continued

### Implementation of policy in the 2018/19 financial year

We have provided details below on the proposed operation of our policy for 2018/19 financial year.

#### Base salary

The table below presents the base salary levels implemented for FY19.

	Base salary 1 April 2018 US\$'000	Base salary 1 April 2019 US\$'000	% change
Bob van Dijk	1 332	1 385	4%
Basil Sgourdos <sup>(1)</sup>	970	1 009	4%

#### Note

<sup>(1)</sup> Includes pension and other benefits.

### Short-term incentives

Awards will be made in line with our revised remuneration policy.

**Clawback:** From FY19, short-term incentive plans for Bob van Dijk, Basil Sgourdos and all other executive direct reports of Bob van Dijk will include a clawback provision.

The clawback provision will operate for two years following the payment of an STI or LTI and will give the remuneration committee the ability to claw back all or part of the incentive paid in a particular financial year in the event of material financial misstatement or gross misconduct on the part of the individual.

We have provided information on the performance measures to be used for the 2018/19 financial year.

### Short-term incentives: Financial goals

Group financial goals account for 50% of the short-term, performance-related incentive of the chief executive and CFO. The group financial goals for Basil Sgourdos have been adjusted compared to FY18 so that core headline earnings including and excluding Tencent are considered.

Measurements for both individuals include core headline earnings including Tencent, core headline earnings excluding Tencent, and free cash flow. In addition, the chief executive is measured on revenue growth for the group.

### FY19 short-term incentive (STI) scheme structure

#### BOB VAN DIJK



Maximum STI opportunity:  
100% base salary

FINANCIAL GOALS:	%
● REVENUE	10
● CORE HEADLINE EARNINGS (INCLUDING TENCENT)	15
● CORE HEADLINE EARNINGS (EXCLUDING TENCENT)	15
● FREE CASH FLOW	10

#### STRATEGIC GOALS:

● OPERATIONAL/STRATEGIC	50
-------------------------	----

#### BASIL SGOURDOS



Maximum STI opportunity:  
100% base salary<sup>(1)</sup>

FINANCIAL GOALS:	%
● CORE HEADLINE EARNINGS (INCLUDING TENCENT)	12.5
● CORE HEADLINE EARNINGS (EXCLUDING TENCENT)	12.5
● FREE CASH FLOW	25

#### STRATEGIC GOALS:

● OPERATIONAL/STRATEGIC	50
-------------------------	----

#### Note

<sup>(1)</sup> An additional variable bonus capped at 25% of TCTC relating to obtaining new general funding, applies.

### Short-term incentives: Strategic and operational goals

Strategic and operational goals account for 50% of the short-term, performance-related incentive for the chief executive and the CFO.

For Bob van Dijk (chief executive) these goals relate to the performance of the business segments including Classifieds, Payments, B2C Ecommerce, Food Delivery and Video Entertainment. Measurements include financial metrics such as revenue growth and trading profit (or trading loss reduction in earlier-stage businesses). Other performance metrics related to the business segments include new product, technology or market development, the relative competitive position of the business and key customer metrics such as growth in customer numbers.

For Basil Sgourdos, these goals relate to the effective management of the group's finance function including goals related to tax, treasury, stakeholder management and governance and controls.

## Remuneration report for the year ended 31 March 2018

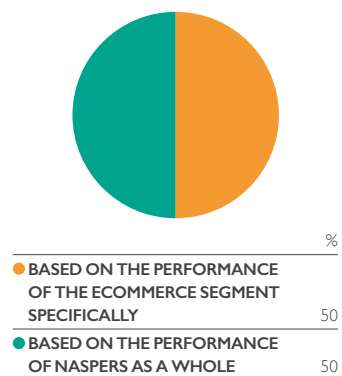
continued

### Long-term incentives

We have set out below information on the long-term awards to be made during the 2018/19 financial year.

Name	Naspers N share options			Naspers Global Ecommerce Share Appreciation Rights		
	Number of options	Face value (R)	Fair value (R)	Number of share appreciation rights	Face value (US\$)	Fair value (US\$)
Bob van Dijk	61 142	196 082 394	70 034 630	418 434	14 046 829	4 855 147
Basil Sgourdos	33 108	106 177 356	37 923 010	214 759	7 209 460	2 491 881

Post this allocation and as at 31 March 2019 the fair value of Bob van Dijk's and Basil Sgourdos's share-based incentives will be balanced approximately as follows:



### Clawback provision on LTI

From FY19, a clawback provision will be in operation on any LTI grants made to the executive directors and the other direct reports of the chief executive. The provision will be in operation for two years after the award has been made.

### Naspers shareholding requirement

From FY19, the chief executive will be required to hold Naspers shares to the value of 10 times his annual salary. The human resources and remuneration committee confirms that the chief executive has met the required shareholding threshold for FY19.

### Annexure A

A summary of executive directors' participation in Naspers scheme shares, in relation to shares outstanding (not yet released/vested) at 31 March 2018, is set out below.

#### MIH Services FZ LLC Share Trust (Naspers share options)

Name	Offer date	Number of N ordinary shares	Face value per share (R)	Release period	Fair value per share (R) <sup>(1)</sup>
Bob van Dijk	11/07/2013	6 698	767.89	11/07/2018	344.19
	28/03/2014	277 334	1 152.89	28/03/2019	581.04
	05/07/2016	147 906	2 162.89	05/07/2019 to 05/07/2021	841.96 – 1 040.60
Basil Sgourdos	08/09/2017	51 728	2 861.73	08/09/2018 to 08/09/2021	638.05 – 1 083.79
	11/07/2013	9 120	767.89	11/07/2018	344.19
	04/09/2014	14 940	1 378.67	04/09/2018 to 04/09/2019	648.05 – 695.10
	18/9/2015	6 741	1 740.85	18/09/2018 to 18/09/2020	765.98 – 914.29
	25/9/2015	1 378	1 700.53	25/09/2018 to 25/09/2020	748.89 – 894.66
	29/08/2016	9 691	2 429.53	29/08/2019 to 29/08/2021	909.76 – 1 135.31
	08/09/2017	5 776	2 861.73	08/09/2018 to 08/09/2021	638.05 – 1 083.79

#### Note

<sup>(1)</sup> The value of the option represents the fair value on grant date in accordance with IFRS.

#### MIH Holdings Share Trust (Naspers share options)

Name	Offer date	Number of N ordinary shares	Face value per share (R)	Release period	Fair value per share (R) <sup>(1)</sup>
Mark Sorour <sup>(2)</sup>	11/07/2013	13 680	767.89	11/07/2018	333.60
	28/03/2014	10 000	1 152.89	28/03/2019	567.40
	04/09/2014	18 674	1 378.67	04/09/2018 to 04/09/2019	626.11 – 676.96
	18/09/2015	10 111	1 740.85	18/09/2018 to 18/09/2020	765.98 – 914.29
	25/09/2015	2 067	1 700.53	25/09/2018 to 25/09/2020	748.89 – 894.66
	29/08/2016	7 787	2 429.53	29/08/2019 to 29/08/2021	909.76 – 1 135.31
	28/08/2017	11 049	2 945.89	28/08/2018 to 28/08/2021	673.40 – 1 144.64

#### Notes

<sup>(1)</sup> The value of the option represents the fair value on grant date in accordance with IFRS.

<sup>(2)</sup> Retired as an executive director on 31 March 2018. Mark remained on the board as a non-executive director.

## Remuneration report for the year ended 31 March 2018

continued

### Directors' interests in other group share-based incentive schemes

A summary of executive directors' participation in other Naspers group share-based incentive schemes in relation to shares/appreciation rights not yet released at 31 March 2018, is set out in the adjacent table. Full details can be found in note 43 on pages 140 to 151 of the consolidated annual financial statements at [www.naspers.com](http://www.naspers.com).

Name	Incentive scheme	Offer date	Number of SARs	Purchase price per SARs	Release period	Fair value per SARs <sup>(1)</sup>
Bob van Dijk	Flipkart SAR	10/09/2014	146 344	US\$63.64	10/09/2018 to 10/09/2019	US\$24.63 – US\$26.04
	Naspers Global Ecommerce SAR	12/09/2014	2 986 455	US\$15.58	12/09/2018 to 12/09/2019	US\$5.26 – US\$5.59
	Naspers Global Ecommerce SAR	15/08/2017	733 945	US\$27.25	15/08/2018 to 15/08/2022	US\$5.52 – US\$7.91
	Naspers Global Ecommerce SAR	08/09/2017	175 259	US\$27.60	08/09/2018 to 08/09/2022	US\$5.51 – US\$7.80
	SimilarWeb SAR	10/09/2014	79 874	US\$1.45	10/09/2018 to 10/09/2019	US\$0.52 – US\$0.55
Basil Sgourdos	Naspers Global Ecommerce SAR	17/09/2015	29 049	US\$18.59	17/09/2018 to 17/09/2020	US\$6.04 – US\$6.84
	Naspers Global Ecommerce SAR	29/08/2016	130 400	US\$20.45	29/08/2018 to 29/08/2021	US\$5.78 – US\$7.07
	Naspers Global Ecommerce SAR	15/08/2017	126 766	US\$27.25	15/08/2018 to 15/08/2022	US\$5.52 – US\$7.91
	Naspers Global Ecommerce SAR	08/09/2017	105 088	US\$27.60	08/09/2018 to 08/09/2022	US\$5.51 – US\$7.80
	Showmax SAR Plan	18/09/2015	3 334	US\$18	18/09/2018 to 18/09/2020	US\$9.30 – US\$10.28
Mark Sorour <sup>(2)</sup>	Flipkart SAR Plan	10/09/2014	1 235	US\$63.64	10/09/2018 to 10/09/2019	US\$24.63 – US\$26.04
	Flipkart SAR Plan	11/09/2015	2 830	US\$63.64	11/09/2018 to 11/09/2020	US\$23.80 – US\$26.75
	Flipkart SAR Plan	30/08/2016	3 368	US\$63.64	30/08/2018 to 30/08/2021	US\$17.01 – US\$20.90
	Naspers Global Ecommerce SAR	12/09/2014	26 987	US\$15.58	12/09/2018 to 12/09/2019	US\$5.26 – US\$5.59
	Naspers Global Ecommerce SAR	17/09/2015	25 822	US\$18.59	17/09/2018 to 17/09/2020	US\$6.04 – US\$6.84
	Naspers Global Ecommerce SAR	29/08/2016	27 943	US\$20.45	29/08/2018 to 29/08/2021	US\$5.78 – US\$7.07
	MIH China/MIH TC 2008 SAR	17/01/2014	8 000	US\$42.95	17/01/2019	US\$11.54
	SimilarWeb SAR	10/09/2014	692	US\$1.45	10/09/2018 to 10/09/2019	US\$0.52 – US\$0.55
	SimilarWeb SAR	17/09/2015	4 491	US\$6.68	17/09/2018 to 17/09/2020	US\$2.83 – US\$3.16
	SimilarWeb SAR	02/09/2016	5 348	US\$6.68	02/09/2018 to 02/09/2021	US\$3.53 – US\$4.15
	Showmax SAR	18/09/2015	6 667	US\$18	18/09/2018 to 18/09/2020	US\$9.30 – US\$10.28
	Takealot SAR	11/09/2015	3 282	R111.04	11/09/2018 to 11/09/2020	R52.77 – R61.26
	Takealot SAR	30/08/2016	3 704	R130.95	30/08/2018 to 30/08/2021	R48.72 – R65.50

#### Notes

<sup>(1)</sup> The value of the SARs represents the fair value on grant date in accordance with IFRS in respect of scheme currency.

<sup>(2)</sup> Retired as an executive director on 31 March 2018. Mark remained on the board as a non-executive director.

## Summarised consolidated annual financial statements

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## Statement of responsibility by the board of directors

for the year ended 31 March 2018

The summarised consolidated annual financial statements of the group are the responsibility of the directors of Naspers Limited. In discharging this responsibility they rely on the management of the group to prepare the consolidated annual financial statements, separately available on [www.naspers.com](http://www.naspers.com), in accordance with International Financial Reporting Standards (IFRS) and the Companies Act No 71 of 2008. The summarised consolidated annual financial statements include amounts based on judgements and estimates made by management. The information given is comprehensive and presented in a responsible manner.

The directors accept responsibility for the preparation, integrity and fair presentation of the summarised consolidated annual financial statements and are satisfied that the systems and internal financial controls implemented by management are effective.

The directors believe that the company and group have adequate resources to continue operations as a going concern in the foreseeable future, based on forecasts and available cash resources. The summarised consolidated annual financial statements support the viability of the company and the group. The preparation of the financial results was supervised by the financial director, Basil Sgourdos CA(SA).

The independent auditing firm PricewaterhouseCoopers Inc., which was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board, has audited the consolidated annual financial statements from which the summarised consolidated annual financial statements were derived. The directors believe that representations made to the independent auditor during audit were valid and appropriate. PricewaterhouseCoopers Inc.'s audit report is presented on page 93.

The summarised consolidated annual financial statements were approved by the board of directors on 22 June 2018 and are signed on its behalf by:



**Koos Bekker**  
Chair

**Bob van Dijk**  
Chief executive

22 June 2018

## Independent auditor's report on the summary consolidated financial statements

To the Shareholders of Naspers Limited

### Opinion

The summary consolidated financial statements of Naspers Limited, set out on pages 94 to 107 of the integrated annual report, which comprise the summary consolidated statement of financial position as at 31 March 2018, the summary consolidated income statement, and summary consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Naspers Limited for the year ended 31 March 2018.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the JSE Limited's (JSE) requirements for summary financial statements, as set out in the "Basis of presentation and accounting policies" section to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

### Summary Consolidated Financial Statements

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

### The Audited Consolidated Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 22 June 2018. That report also includes communication of key audit matters. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period.

### Directors' Responsibility for the Summary Consolidated Financial Statements

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the JSE's requirements for summary financial statements, as set out in the "Basis of presentation and accounting policies" section to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

### Auditor's Responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material aspects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), *Engagements to Report on Summary Financial Statements*.



**PricewaterhouseCoopers Inc.**

**Director: Brendan Deegan**

*Registered Auditor*

Cape Town

22 June 2018

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T: +27 (0) 21 529 2000, F: +27 (0) 21 529 3300, [www.pwc.co.za](http://www.pwc.co.za)

Chief Executive Officer: T D Shango  
Management Committee: S N Madikane, J S Masondo, P J Mothibe, C Richardson, F Tonelli, C Volschen  
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.  
Reg. no. 1998/012055/21, VAT reg.no. 4950174682



## Segmental review

	Revenue Year ended 31 March			EBITDA <sup>(1)</sup> Year ended 31 March			Trading profit Year ended 31 March		
	2018	2017	% change	2018	2017 Restated	% change	2018	2017 Restated	% change
	US\$m	US\$m		US\$m	US\$m		US\$m	US\$m	
Internet	15 928	10 621	50	3 382	2 282	48	3 053	2 030	50
Social network services	12 281	7 692	60	3 997	2 964	35	3 726	2 761	35
– Tencent	12 024	7 506	60	3 925	2 888	36	3 675	2 701	36
– Mail.ru	257	186	38	72	76	(5)	51	60	(15)
Ecommerce	3 647	2 929	25	(615)	(682)	10	(673)	(731)	8
– Etail	2 060	1 659	24	(248)	(258)	4	(270)	(281)	4
– Travel	276	123	>100	(59)	(87)	32	(61)	(88)	31
– Marketplaces	–	327	(100)	–	146	(100)	–	137	(100)
– Payments	294	186	58	(60)	(66)	9	(64)	(69)	7
– Classifieds	628	426	47	(99)	(319)	69	(114)	(328)	65
– Food delivery	166	53	>100	(20)	5	>(100)	(30)	5	>(100)
– Other	223	155	44	(129)	(103)	(25)	(134)	(107)	(25)
Video entertainment	3 680	3 401	8	627	520	21	369	287	29
Media <sup>(2)</sup>	507	588	(14)	10	40	(75)	3	19	(84)
Corporate services	3	2	50	(22)	(14)	(57)	(22)	(14)	(57)
Intersegmental	(21)	(50)	58	–	–	–	–	–	–
Economic interest	20 097	14 562	38	3 997	2 828	41	3 403	2 322	47
Less:									
Equity-accounted investments	(13 437)	(8 464)	(59)	(3 739)	(2 756)	(36)	(3 444)	(2 536)	(36)
<b>Consolidated</b>	<b>6 660</b>	<b>6 098</b>	<b>9</b>	<b>258</b>	<b>72</b>	<b>258</b>	<b>(41)</b>	<b>(214)</b>	<b>81</b>

### Notes

<sup>(1)</sup> EBITDA refers to earnings before interest, taxation, depreciation and amortisation.

<sup>(2)</sup> Includes revenue of US\$133m (2017: US\$222.4m), EBITDA of US\$33.3m (2017: US\$55.1m) and trading profit of US\$33.3m (2017: US\$40.3m) relating to Novus Holdings Limited (Novus).

The group distributed the majority of its shareholding in Novus to its shareholders in September 2017.

## Reconciliation of consolidated trading loss to consolidated operating loss

	Year ended 31 March	
	2018 US\$m	2017 US\$m
<b>Consolidated trading loss</b>	<b>(41)</b>	<b>(214)</b>
Finance cost on transponder leases	51	46
Amortisation of other intangible assets	(101)	(99)
Other (losses)/gains – net	(47)	(57)
Retention option expense	(8)	(1)
Share-based incentives settled in treasury shares	(52)	(35)
<b>Consolidated operating loss</b>	<b>(198)</b>	<b>(360)</b>

For a reconciliation of consolidated operating loss to consolidated profit before taxation, refer to the summarised consolidated income statement.

## Summarised consolidated income statement

	Year ended 31 March		
	2018 US\$m	2017 Restated US\$m	% change
<b>Revenue</b>	<b>6 660</b>	<b>6 098</b>	<b>9</b>
Cost of providing services and sale of goods	(4 025)	(3 574)	
Selling, general and administration expenses	(2 786)	(2 827)	
Other (losses)/gains – net	(47)	(57)	
<b>Operating loss</b>	<b>(198)</b>	<b>(360)</b>	<b>45</b>
Interest received	88	70	
Interest paid	(267)	(278)	
Other finance (costs)/income – net	(319)	(899)	
Share of equity-accounted results	3 277	1 829	
Impairment of equity-accounted investments	(46)	–	
Dilution gains/(losses) on equity-accounted investments <sup>(1)</sup>	9 216	(1 19)	
(Losses)/gains on acquisitions and disposals	(93)	2 169	
<b>Profit before taxation</b>	<b>11 658</b>	<b>2 412</b>	<b>&gt;100</b>
Taxation	(360)	(244)	
<b>Profit for the year</b>	<b>11 298</b>	<b>2 168</b>	<b>&gt;100</b>
<b>Attributable to:</b>			
Equity holders of the group	11 357	2 337	
Non-controlling interest	(59)	(169)	
	<b>11 298</b>	<b>2 168</b>	

### Note

<sup>(1)</sup> Includes the gain recognised on the disposal of a 2% interest in Tencent Holdings Limited.

## Summarised consolidated income statement

continued

	Year ended 31 March		
	2018 US\$m	2017 Restated US\$m	% change
Core headline earnings for the year (US\$m)	2 507	1 454	72
Core headline earnings per N ordinary share (US cents)	581	337	72
Diluted core headline earnings per N ordinary share (US cents)	568	330	72
Headline earnings for the year (US\$m)	1 794	188	>100
Headline earnings per N ordinary share (US cents)	416	44	>100
Diluted headline earnings per N ordinary share (US cents)	403	38	>100
Earnings per N ordinary share (US cents)	2 631	542	>100
Diluted earnings per N ordinary share (US cents)	2 612	535	>100
Net number of shares issued ('000)			
– At year-end	432 126	431 540	
– Weighted average for the year	431 635	431 207	
– Diluted weighted average	433 003	432 684	

Refer to the basis of preparation of these summarised consolidated financial statements for details of the group's change in accounting policy.

## Summarised consolidated statement of comprehensive income

	Year ended 31 March	
	2018 US\$m	2017 Restated US\$m
<b>Profit for the year<sup>(1)</sup></b>	<b>11 298</b>	<b>2 168</b>
<b>Total other comprehensive income, net of tax, for the year<sup>(2)</sup></b>	<b>1 742</b>	<b>1 541</b>
Translation of foreign operations <sup>(3)</sup>	996	322
Net fair value (losses)/gains	(4)	(1)
Cash flow hedges	(98)	(85)
Share of other comprehensive income and reserves of equity-accounted investments	835	1 293
Tax on other comprehensive income	13	12
<b>Total comprehensive income for the year</b>	<b>13 040</b>	<b>3 709</b>
<b>Attributable to:</b>		
Equity holders of the group	13 025	3 905
Non-controlling interest	15	(196)
	<b>13 040</b>	<b>3 709</b>

Refer to the basis of preparation of these summarised consolidated financial statements for details of the group's change in accounting policy.

### Notes

<sup>(1)</sup> Includes the gain recognised on the disposal of a 2% interest in Tencent Holdings Limited.

<sup>(2)</sup> These components of other comprehensive income may subsequently be reclassified to profit or loss except for gains of US\$361m (2017: US\$292m) included in the "Share of other comprehensive income and reserves of equity-accounted investments".

<sup>(3)</sup> The movement on the foreign currency translation reserve for the year relates primarily to the effects of foreign exchange rate fluctuations related to the group's net investments in its foreign operations.

## Summarised consolidated statement of changes in equity

	Year ended 31 March	
	2018 US\$m	2017 Restated US\$m
<b>Balance at the beginning of the year</b>	13 142	10 654
<b>Change in accounting policy</b>	–	(1 504)
Restated balance at the beginning of the year	13 142	9 150
<b>Changes in share capital and premium</b>		
Movement in treasury shares	(64)	(77)
Share capital and premium issued	85	56
<b>Changes in reserves</b>		
Total comprehensive income for the year	13 025	3 905
Movement in share-based compensation reserve	(48)	(376)
Movement in existing control business combination reserve	(195)	16
Direct retained earnings and other movements	125	721
Dividends paid to Naspers shareholders	(262)	(158)
<b>Changes in non-controlling interest</b>		
Total comprehensive income for the year	15	(196)
Dividends paid to non-controlling shareholders	(153)	(116)
Movement in non-controlling interest in reserves	21	217
<b>Balance at the end of the year</b>	25 691	13 142
<b>Comprising:</b>		
Share capital and premium	4 965	4 944
Retained earnings	20 132	8 912
Share-based compensation reserve	1 460	1 147
Existing control business combination reserve	(1 847)	(1 652)
Hedging reserve	(106)	(30)
Valuation reserve	1 679	1 387
Foreign currency translation reserve	(761)	(1 852)
Non-controlling interests	169	286
<b>Total</b>	25 691	13 142

Refer to the basis of preparation of these summarised consolidated financial statements for details of the group's change in accounting policy.

## Summarised consolidated statement of financial position

	31 March		1 April 2016 Restated US\$m
	2018 US\$m	2017 Restated US\$m	
<b>ASSETS</b>			
<b>Non-current assets</b>	22 386	16 291	13 486
Property, plant and equipment	1 638	1 638	1 443
Goodwill	2 607	2 442	2 818
Other intangible assets	1 143	1 104	1 190
Investments in associates	16 666	10 784	7 625
Investments in joint ventures	78	79	218
Other investments and loans	115	82	57
Other receivables	21	32	20
Derivative financial instruments	1	2	–
Deferred taxation	117	128	115
<b>Current assets</b>	13 065	5 639	3 237
Inventory	231	154	194
Programme and film rights	240	193	160
Trade receivables	452	420	393
Other receivables and loans	762	456	491
Derivative financial instruments	11	6	59
Cash and cash equivalents	11 369	4 007	1 714
	13 065	5 236	3 011
Assets classified as held for sale	–	403	226
<b>Total assets</b>	35 451	21 930	16 723

## Summarised consolidated statement of financial position

continued

	31 March		1 April
	2018	2017	2016
	US\$m	Restated US\$m	Restated US\$m
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>	<b>25 522</b>	<b>12 856</b>	<b>8 771</b>
Share capital and premium	4 965	4 944	4 965
Other reserves	425	(1 000)	(2 304)
Retained earnings	20 132	8 912	6 110
Non-controlling interests	169	286	379
<b>Total equity</b>	<b>25 691</b>	<b>13 142</b>	<b>9 150</b>
<b>Non-current liabilities</b>	<b>5 623</b>	<b>5 349</b>	<b>5 118</b>
Capitalised finance leases	1 086	1 142	771
Liabilities – interest bearing	3 202	2 198	2 922
– non-interest bearing	22	9	8
Other non-current liabilities	867	1 708	1 098
Post-employment medical liability	30	14	13
Derivative financial instruments	157	13	20
Deferred taxation	259	265	286
<b>Current liabilities</b>	<b>4 137</b>	<b>3 439</b>	<b>2 455</b>
Current portion of long-term debt	280	915	227
Trade payables	564	487	437
Accrued expenses and other current liabilities	3 163	1 844	1 662
Derivative financial instruments	129	119	31
Bank overdrafts and call loans	1	4	1
	4 137	3 369	2 358
Liabilities classified as held for sale	–	70	97
<b>Total equity and liabilities</b>	<b>35 451</b>	<b>21 930</b>	<b>16 723</b>
Net asset value per N ordinary share (US cents)	5 906	2 979	2 035

Refer to the basis of preparation of these summarised consolidated financial statements for details of the group's change in accounting policy.

## Summarised consolidated statement of cash flows

	Year ended 31 March	
	2018	2017
	US\$m	US\$m
<b>Cash flows from operating activities</b>		
Cash generated from operating activities	141	294
Interest income received	81	63
Dividends received from investments and equity-accounted companies	251	193
Interest costs paid	(240)	(257)
Taxation paid	(391)	(333)
<b>Net cash utilised in operating activities</b>	<b>(158)</b>	<b>(40)</b>
<b>Cash flows from investing activities</b>		
Acquisitions and disposals of tangible and intangible assets	(138)	(173)
Acquisitions of subsidiaries, associates and joint ventures	(1 957)	(397)
Disposals of subsidiaries, associates and joint ventures	9 941	3 383
Cash movement in other investments and loans	7	1
<b>Net cash generated from investing activities</b>	<b>7 853</b>	<b>2 814</b>
<b>Cash flows from financing activities</b>		
Proceeds from long- and short-term loans raised	1 124	584
Repayments of long- and short-term loans	(827)	(602)
Outflow from share-based compensation transactions	(22)	(36)
Dividends paid by the holding company and its subsidiaries	(344)	(281)
Other movements resulting from financing activities	(319)	(76)
<b>Net cash utilised in financing activities</b>	<b>(388)</b>	<b>(411)</b>
<b>Net movement in cash and cash equivalents</b>	<b>7 307</b>	<b>2 363</b>
Foreign exchange translation adjustments on cash and cash equivalents	58	(50)
Cash and cash equivalents at the beginning of the year	4 003	1 713
Cash and cash equivalents classified as held for sale	–	(23)
<b>Cash and cash equivalents at the end of the year</b>	<b>11 368</b>	<b>4 003</b>

## Notes to the summarised consolidated financial statements

for the year ended 31 March

### Basis of presentation and accounting policies

The summarised consolidated financial results for the year ended 31 March 2018 are prepared in accordance with the JSE Limited (the JSE) Listings Requirements relevant to summarised financial statements and the provisions of the Companies Act No 71 of 2008. The JSE Listings Requirements require summary financial statements to be prepared in accordance with the framework concepts, the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council, and to also, as a minimum, contain the information required by IAS 34 *Interim Financial Reporting*. The summarised consolidated financial results do not include all the disclosures required for complete annual financial statements prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB). The accounting policies applied in the preparation of the consolidated annual financial statements from which the summarised consolidated financial results were derived, are consistent with those applied in the previous consolidated annual financial statements, except as set out below.

The group has adopted all new and amended accounting pronouncements issued by the IASB that are effective for financial years commencing 1 April 2017. None of the new or amended accounting pronouncements that are effective for the financial year commencing 1 April 2017 had a material impact on the group.

The group's reportable segments reflect the components of the group that are regularly reviewed by the chief executive and other senior executives who make strategic decisions. The group proportionately consolidates its share of the results of its associates and joint ventures in its reportable segments.

Trading profit excludes amortisation of intangible assets (other than software), equity-settled share-based payment expenses relating to transactions to be settled through the issuance of treasury shares, retention option expenses and other gains/losses, but includes the finance cost on transponder leases.

Core headline earnings exclude once-off and non-operating items. We believe it is a useful measure of the group's operating performance. However, this is not a defined term under IFRS and may not be comparable with similarly titled measures reported by other companies.

### Change in accounting policy regarding written put option liabilities

As part of its commitment to build shareholder value and prevent dilution, we indicated recently that we are unlikely to issue Naspers N ordinary shares to settle put option liabilities arising from mergers and acquisitions agreements, employee share option obligations or similar arrangements. Instead, the intention is to settle these items in cash, either through purchases of shares on the market or direct cash settlement.

When investing, we frequently partner with founders who remain in the business as non-controlling shareholders. To provide them with liquidity at a later date, agreements sometimes include put options that require the group to purchase the shares of non-controlling shareholders in future, with the option to settle by issuing Naspers N ordinary shares or in cash. In the past we selected to settle some of these by issuing Naspers N ordinary shares.

The recent change in commercial intent to settle put options in cash rather than Naspers N ordinary shares, has prompted us to reassess our accounting policy to ensure it remains reflective of the underlying settlement expectations. IFRS does not explicitly address accounting for put option liabilities that can be settled by issuing a variable number of an entity's own shares, as evidenced in the IFRS Interpretations Committee November 2016 rejection of this matter. As a result, an accounting policy choice exists – they can either be accounted for as (i) derivative financial instruments (at fair value in terms of IAS 39 *Financial Instruments: Recognition and Measurement* or IFRS 9 *Financial Instruments*), or (ii) as liabilities equal to the amount payable on settlement (in terms of IAS 32 *Financial Instruments: Presentation*).

Up to 30 September 2017, put option liabilities were accounted for as derivative financial instruments given the historic intention to settle in Naspers N ordinary shares. All put option liabilities were measured at a fair value of zero as these options are priced at fair value, consequently there was no impact on the statement of financial position or income statement.

Given the intention to now settle in cash, it is more appropriate to recognise them as liabilities in the statement of financial position, at amounts reflecting the gross cash consideration payable on settlement. Consequently, in accordance with IAS 8, we have changed our accounting policy in this respect. Going forward, all remeasurements of these liabilities will be recognised in the income statement. These remeasurements will be included in headline earnings but excluded from core headline earnings.

The group has applied the change in accounting policy retrospectively and has restated the comparative information presented in these summarised consolidated financial statements for the year ended 31 March 2017. The summarised impact of the change in accounting policy on prior-period results is an increase in liabilities of US\$2.22bn as at 31 March 2017, as well as the recognition of a remeasurement expense (including foreign exchange translation effects) in the income statement of US\$640m for the year ended 31 March 2017.

The impact of the change in accounting policy on the summarised consolidated financial statements is outlined in the extracts that follow.



## Notes to the summarised consolidated financial statements *continued*

for the year ended 31 March

### Basis of presentation and accounting policies *continued*

Change in accounting policy regarding written put option liabilities *continued*

### Income statement (extract)

	31 March		
	2017	2017	2017
	Restated	Change in	Previously
	US\$m	accounting	reported
		policy	US\$m
		US\$m	
Other finance (costs)/income – net	(899)	(640)	(259)
<b>Profit before taxation</b>	<b>2 412</b>	<b>(640)</b>	<b>3 052</b>
Taxation	(244)	–	(244)
<b>Profit for the year</b>	<b>2 168</b>	<b>(640)</b>	<b>2 808</b>
<b>Attributable to:</b>			
Equity holders of the group	2 337	(584)	2 921
Non-controlling interests	(169)	(56)	(113)
	2 168	(640)	2 808
<b>Earnings per N ordinary share (US cents)</b>			
Basic	542	(135)	677
Diluted	535	(135)	670
<b>Headline earnings per N ordinary share (US cents)</b>			
Basic	44	(135)	179
Diluted	38	(135)	173

### Statement of comprehensive income

Profit for the year	2 168	(640)	2 808
Other comprehensive income for the year	1 541	(4)	1 545
<b>Total comprehensive income for the year</b>	<b>3 709</b>	<b>(644)</b>	<b>4 353</b>
<b>Attributable to:</b>			
Equity holders of the group	3 905	(587)	4 492
Non-controlling interests	(196)	(57)	(139)
	3 709	(644)	4 353

The group's change in accounting policy regarding put options had no impact on core headline earnings.

### Statement of financial position (extract)

	31 March			1 April		
	2017	2017	2017	2016	2016	2016
	Restated	Change in	Previously	Restated	Change in	Previously
	US\$m	accounting	reported	US\$m	accounting	reported
		policy	US\$m		policy	US\$m
		US\$m			US\$m	
<b>EQUITY AND LIABILITIES</b>						
<b>Capital and reserves attributable to the group's equity holders</b>	<b>12 856</b>	<b>(2 102)</b>	<b>14 958</b>	<b>8 771</b>	<b>(1 483)</b>	<b>10 254</b>
Share capital and premium	4 944	–	4 944	4 965	–	4 965
Other reserves	(1 000)	(1 518)	518	(2 304)	(1 483)	(821)
Retained earnings	8 912	(584)	9 496	6 110	–	6 110
<b>Non-controlling interests</b>	<b>286</b>	<b>(117)</b>	<b>403</b>	<b>379</b>	<b>(21)</b>	<b>400</b>
<b>TOTAL EQUITY</b>	<b>13 142</b>	<b>(2 219)</b>	<b>15 361</b>	<b>9 150</b>	<b>(1 504)</b>	<b>10 654</b>
<b>Non-current liabilities (subtotal)</b>	<b>5 349</b>	<b>1 708</b>	<b>3 641</b>	<b>5 118</b>	<b>1 095</b>	<b>4 023</b>
Other non-current liabilities	1 708	1 708	–	1 098	1 095	3
<b>Current liabilities (subtotal)</b>	<b>3 439</b>	<b>511</b>	<b>2 928</b>	<b>2 455</b>	<b>409</b>	<b>2 046</b>
Accrued expenses and other current liabilities	1 768	511	1 257	1 595	409	1 186
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>21 930</b>	<b>–</b>	<b>21 930</b>	<b>16 723</b>	<b>–</b>	<b>16 723</b>

## Notes to the summarised consolidated financial statements *continued*

for the year ended 31 March

### **Basis of presentation and accounting policies** *continued*

#### **Change in calculation of trading profit and core headline earnings**

The group is required to calculate and present headline earnings (and the related basic and diluted per-share equivalents) in terms of the JSE Listings Requirements. Headline earnings represents an earnings metric that is intended to provide a like-for-like basis on which the earnings of entities can be compared.

In addition to headline earnings, we also calculate and present trading profit and core headline earnings. These are non-IFRS, Naspers-defined metrics and are presented as additional information to shareholders as we consider them more reflective of our operating performance. In arriving at core headline earnings, adjustments are made to the earnings of consolidated businesses, as well as the underlying earnings of associates and joint ventures, to the extent that the information is available.

Ensuring that core headline earnings remains reflective of our future potential operating performance, a review of the items adjusted for in the calculation is required as circumstances change.

We have historically adjusted core headline earnings for all amortisation expenses, excluding software, as these expenses have primarily related to intangible assets resulting from business combinations and other acquisitions. These expenses are not considered operational in nature.

Our associate Tencent has, in recent years, made a strategic decision to develop a number of digital content offerings (including video and music), with significant success. Consequently, acquired content now represents a meaningful part of the overall cost base for the digital content business, resulting in an increase in intangible assets and related amortisation expenses. As a result of this development, we considered it prudent to refine the treatment of amortisation within the core headline earnings calculation and to now include the digital-content element of Tencent's amortisation expenses in core headline earnings. Only amortisation related to intangible assets identified in business combinations and other acquisitions continues to be adjusted for in the core headline earnings calculation. The effect is to adjust core headline earnings downward from US\$1.8bn to US\$1.5bn for the year ended 31 March 2017.

#### **Change in calculation of trading profit and core headline earnings**

IFRS 8 *Operating Segments* requires segmental reporting to reflect the manner in which financial information is communicated internally to management. We therefore report trading profit on an economic-interest basis (ie including a proportionate consolidation of the trading profits of associates and joint ventures) in the segmental review which, similar to core headline earnings, excludes amortisation expenses on certain intangible assets. For the reasons outlined above, we will similarly no longer adjust trading profit to exclude the amortisation expenses recognised by Tencent on its digital content. The effect is to adjust trading profit downward from US\$ 2.7bn to US\$ 2.3bn for the year ended 31 March 2017. Consolidated trading profit is unaffected by this change.

To ensure comparability between reporting periods, we have updated the comparative information for trading profit and core headline earnings (including basic and diluted per-share equivalents) in these summarised consolidated financial statements. The change to trading profit and core headline earnings had no impact on the group's statement of financial position and income statement presented in accordance with IFRS.

## Notes to the summarised consolidated financial statements *continued*

for the year ended 31 March

### Headline and core headline earnings

	Year ended 31 March	
	2018 US\$m	2017 Restated US\$m
<b>Net profit attributable to shareholders</b>	<b>11 357</b>	<b>2 337</b>
<i>Adjusted for:</i>		
– impairment of property, plant and equipment and other assets	39	26
– impairment of goodwill and other intangible assets	4	28
– (profit)/loss on sale of assets	(1)	1
– loss on remeasurement of disposal groups classified as held for sale to fair value less costs of disposal	–	2
– losses/(gains) on acquisitions and disposals of investments	95	(2 219)
– remeasurement of previously held interest	(21)	–
– dilution (gains)/losses on equity-accounted investments <sup>(1)</sup>	(9 216)	119
– remeasurements included in equity-accounted earnings	(524)	(102)
– impairment of equity-accounted investments	46	–
	<b>1 779</b>	<b>192</b>
Total tax effects of adjustments	18	(17)
Total adjustment for non-controlling interest	(3)	13
<b>Headline earnings</b>	<b>1 794</b>	<b>188</b>
<i>Adjusted for:</i>		
– equity-settled share-based payment expenses	435	296
– amortisation of other intangible assets <sup>(2)</sup>	190	169
– fair-value adjustments and currency translation differences <sup>(3)</sup>	60	756
– retention option expense	8	1
– business combination-related losses	20	44
<b>Core headline earnings</b>	<b>2 507</b>	<b>1 454</b>

#### Notes

<sup>(1)</sup> Includes the gain recognised on the disposal of a 2% interest in Tencent Holdings Limited.

<sup>(2)</sup> Refer to the basis of preparation of these summarised consolidated financial statements for details of the group's change in calculation of core headline earnings. Amortisation of other intangible assets for the year ended 31 March 2017 has been adjusted to include amortisation expenses of US\$298m regarding Tencent's digital content business.

<sup>(3)</sup> Refer to the basis of preparation of these summarised consolidated financial statements for details of the group's change in accounting policy. Fair-value adjustments and currency translation differences for the year ended 31 March 2017 has been adjusted by US\$584m for the impact of remeasurements of written put options.

The diluted earnings, headline earnings and core headline earnings per-share figures presented on the face of the income statement include a decrease of US\$49m (2017: US\$24m) relating to the future dilutive impact of potential ordinary shares issued by equity-accounted investees and subsidiaries.

### Interest (paid)/received

	Year ended 31 March	
	2018 US\$m	2017 Restated US\$m
<b>Interest received</b>	<b>88</b>	<b>70</b>
– loans and bank accounts	74	56
– other	14	14
<b>Interest paid</b>	<b>(267)</b>	<b>(278)</b>
– loans and overdrafts	(196)	(198)
– transponder leases	(51)	(46)
– other	(20)	(34)
<b>Other finance (cost)/income – net</b>	<b>(319)</b>	<b>(899)</b>
– net foreign exchange differences and fair-value adjustments on derivatives	(67)	(277)
– remeasurement of written put option liabilities	(252)	(622)

## Notes to the summarised consolidated financial statements *continued*

for the year ended 31 March

### Equity-accounted results

The group's equity-accounted investments contributed to the summarised consolidated financial results as follows:

	Year ended 31 March	
	2018 US\$m	2017 Restated US\$m
<b>Share of equity-accounted results</b>	<b>3 277</b>	<b>1 829</b>
– sale of assets	1	3
– disposal of investments	(692)	(381)
– impairment of investments	159	268
<b>Contribution to headline earnings</b>	<b>2 745</b>	<b>1 719</b>
– amortisation of other intangible assets	135	106
– equity-settled share-based payment expenses	385	268
– fair-value adjustments and currency translation differences	(224)	–
<b>Contribution to core headline earnings</b>	<b>3 041</b>	<b>2 093</b>
Tencent	3 288	2 237
Mail.ru	37	52
MakeMyTrip	(76)	–
Delivery Hero	(21)	–
Other	(187)	(196)

The group applies an appropriate lag period in reporting the results of equity-accounted investments where the year-ends of investees are not coterminous with that of Naspers Limited.

### Profit before taxation

In addition to the items already detailed, profit before taxation has been determined after taking into account, inter alia, the following:

	Year ended 31 March	
	2018 US\$m	2017 US\$m
<b>Depreciation of property, plant and equipment</b>	<b>219</b>	<b>214</b>
Amortisation	133	128
– other intangible assets	101	99
– software	32	29
<b>Costs related to programme and film rights, including amortisation</b>	<b>912</b>	<b>859</b>
<b>Net realisable value adjustments on inventory, net of reversals<sup>(1)</sup></b>	<b>48</b>	<b>51</b>
<b>Other (losses)/gains – net</b>	<b>(47)</b>	<b>(57)</b>
– gain/(loss) on sale of assets	2	(1)
– impairment of goodwill and other intangible assets	(4)	(30)
– impairment of property, plant and equipment and other assets	(39)	(26)
– remeasurement of disposal groups classified as held for sale to fair value less costs of disposal	–	(2)
– dividends received on investments	2	1
– fair-value adjustments on financial instruments	(6)	1
– other	(2)	–
<b>(Losses)/gains on acquisitions and disposals</b>	<b>(93)</b>	<b>2 169</b>
– (loss)/profit on sale of investments	(91)	1 990
– gains recognised on loss of control transactions	–	228
– remeasurement of contingent consideration	(5)	1
– acquisition-related costs	(18)	(50)
– remeasurement of previously held interest	21	–

#### Note

<sup>(1)</sup> Net realisable value write-downs relate primarily to set-top box subsidies in the video-entertainment segment.

## Notes to the summarised consolidated financial statements *continued*

for the year ended 31 March

### Goodwill

Goodwill is subject to an annual impairment assessment. Movements in the group's goodwill for the year are detailed below:

	Year ended 31 March	
	2018 US\$m	2017 US\$m
<b>Goodwill</b>		
– cost	2 790	3 175
– accumulated impairment	(348)	(357)
<b>Opening balance</b>	<b>2 442</b>	<b>2 818</b>
– foreign currency translation effects	41	210
– acquisitions of subsidiaries and businesses	124	244
– disposals of subsidiaries and businesses	–	(786)
– transferred to assets classified as held for sale	–	(37)
– impairment	–	(5)
– remeasurement to fair value less costs of disposal	–	(2)
<b>Closing balance</b>	<b>2 607</b>	<b>2 442</b>
– cost	2 961	2 790
– accumulated impairment	(354)	(348)

### Commitments and contingent liabilities

Commitments relate to amounts for which the group has contracted, but that have not yet been recognised as obligations in the statement of financial position.

	Year ended 31 March	
	2018 US\$m	2017 US\$m
<b>Commitments</b>	<b>3 537</b>	<b>2 464</b>
– capital expenditure	17	13
– programme and film rights	2 906	2 015
– network and other service commitments	104	158
– operating lease commitments	327	163
– set-top box commitments	183	115

The group operates a number of businesses in jurisdictions where taxes are payable on certain transactions or payments. The group continues to seek relevant advice and works with its advisers to identify and quantify such tax exposures. Our current assessment of possible withholding and other tax exposures, including interest and potential penalties, amounts to approximately US\$226.1m (2017: US\$256.7m). No provision has been made as at 31 March 2018 and 2017 for these possible exposures.

### Disposal groups classified as held for sale

During the year ended 31 March 2017 the group announced the unbundling of the majority of its shareholding in its subsidiary Novus Holdings Limited (Novus), operating in the print industry in South Africa. The assets and liabilities of Novus were classified as held for distribution as at 31 March 2017. In August 2017 the group received regulatory approval for the unbundling which was finalised during September 2017.

In May 2017 the group concluded the disposal of its joint venture Souq Group Limited (Souq), following the receipt of regulatory approval. Souq was classified as held for sale as at 31 March 2017.

The group also concluded the disposals of various other smaller units of which the assets and liabilities were classified as held for sale as at 31 March 2017.

## Notes to the summarised consolidated financial statements *continued*

for the year ended 31 March

### *Disposal groups classified as held for sale continued*

The group had no assets and liabilities classified as held for sale as at 31 March 2018. Assets and liabilities classified as held for sale in prior periods are detailed in the following table:

	Year ended 31 March	
	2018 US\$m	2017 US\$m
<b>Assets</b>	–	403
Property, plant and equipment	–	176
Goodwill and other intangible assets	–	35
Investment in joint venture	–	102
Deferred taxation assets	–	7
Inventory	–	26
Trade and other receivables	–	34
Cash and cash equivalents	–	23
<b>Liabilities</b>	–	70
Deferred taxation liabilities	–	19
Long-term liabilities	–	6
Trade payables	–	18
Accrued expenses and other current liabilities	–	27

The group recognised a loss of US\$nil (2017: US\$1.6m) as part of "Other (losses)/gains – net" in the income statement on remeasuring the net assets of businesses classified as held for sale to their fair value less costs of disposal during the year. The fair value of the businesses was determined based on third-party sales prices. This represents a level 3 fair-value measurement.

### **Business combinations, other acquisitions and disposals**

In August 2017 the group invested US\$74m to acquire a controlling interest in its associate Takealot Online (RF) Proprietary Limited (Takealot), the leading e-tailer in South Africa. Following the investment, the group held a 58% effective interest in Takealot. The transaction was accounted for as a business combination with an effective date of August 2017. The total purchase consideration amounted to US\$123m representing the fair value of the group's previously held equity interest in Takealot. A gain of US\$20m has been recognised in "(Losses)/gains on acquisitions and disposals" in the income statement on the remeasurement of the group's previously held equity interest in Takealot to its fair value. The US\$74m cash invested remains within the group following the transaction and is accordingly not disclosed as part of the consideration transferred by the group or assets of Takealot acquired, although it did affect the amount of goodwill recognised in the business combination. The purchase price allocation: property, plant and equipment US\$13m; cash and deposits US\$105m; inventories US\$28m; trade and other receivables US\$4m; intangible assets US\$107m; trade and other payables US\$27m; deferred tax liabilities US\$30m and the balance of US\$81m to goodwill. The main classes of intangible assets recognised in the business combination were trade names and brands, customer relationships and technology. The transaction gave rise to the recognition of non-controlling interest of US\$83m, which has been measured at the non-controlling interest's proportionate share of the identifiable net assets of Takealot as at the acquisition date.

In December 2017 the group acquired an additional 38% interest in Takealot from non-controlling shareholders. The transaction was settled in Naspers N ordinary shares, purchased on the open market, with a fair value of US\$128m on settlement date. The excess of the consideration transferred over the net asset value acquired was recognised in the "Existing control business combination reserve" in equity and totalled US\$65m. An amount of US\$4m was recognised in the valuation reserve being the difference between the fair value and acquisition cost of the shares transferred. Following the transaction, the group holds a 96% effective interest (91% fully diluted) in Takealot.

In November 2017 the group invested US\$41m to acquire a 100% effective interest in The Car Trader Proprietary Limited (AutoTrader), an online automobile classifieds vertical in South Africa. The transaction was accounted for as a business combination with an effective date of November 2017. The total purchase consideration amounted to US\$41m. The purchase price allocation: property, plant and equipment US\$1m; cash and deposits US\$3m; trade and other receivables US\$1m; intangible assets US\$27m; trade and other payables US\$4m; loan liabilities US\$14m; deferred tax liabilities US\$8m and the balance of US\$35m to goodwill. The main classes of intangible assets recognised in the business combination were brands, customer relationships and technology.

Since the acquisition dates of the above business combinations, revenue of US\$195m and net results/(losses) of US\$41m have been included in the income statement relating to Takealot and AutoTrader. Had the revenue and net results of Takealot and AutoTrader been included from 1 April 2017, group revenue and net profit would have amounted to US\$6.75bn and US\$11.26bn respectively.

The main factor contributing to the goodwill recognised in the acquisitions is the acquirees' market presence. The goodwill that arose is not expected to be deductible for income tax purposes. Total acquisition-related costs of US\$3m were recorded in "(Losses)/gains on acquisitions and disposals" in the income statement regarding the above-mentioned acquisitions.

The following relates to the group's investments in its equity-accounted investees:

The group made various investments in Delivery Hero AG (Delivery Hero), a global online food-ordering and delivery marketplace, during the year. In May 2017 the group acquired its initial interest in Delivery Hero through an investment of US\$426m. On 30 June 2017, Delivery Hero successfully completed an initial public offering of its shares, a process during which the group invested a further US\$47m. Following these investments, the group held an 11% effective interest (10% fully diluted) in Delivery Hero. In December 2017 the group invested an additional US\$47m as part of a private placement in order to maintain its relative shareholding. During March 2018, following the receipt of regulatory approval, the group acquired Rocket Internet SE's interest in Delivery Hero for US\$778m. The group's aggregate investment in Delivery Hero therefore amounts to US\$1.3bn over the reporting period. Following the acquisition from Rocket Internet SE, the group holds a 23% effective interest (22% fully diluted) in Delivery Hero. The group accounts for its interest in Delivery Hero as an investment in an associate.

The group made two investments during June 2017 and February 2018 amounting to US\$121m in total, in Bundl Technologies Private Limited (Swiggy), the operator of a first-party food-delivery marketplace in India. Following these investments, the group holds a 22% effective interest (21% fully diluted) in Swiggy. The group accounts for its interest in Swiggy as an investment in an associate.

In May 2017 the group invested US\$99m in Kreditech Holding SSL GmbH (Kreditech), a provider of consumer lending and financial services. The group has also provided convertible loan funding of €20m to Kreditech. Following the investment, the group holds a 38% effective interest (31% fully diluted) in Kreditech. The group accounts for its interest in Kreditech as an investment in an associate.



## Notes to the summarised consolidated financial statements *continued*

for the year ended 31 March

### Business combinations, other acquisitions and disposals *continued*

During May 2017 the group invested US\$132m in its associate MakeMyTrip Limited (MakeMyTrip) as part of a funding round. In August and September 2017, following MakeMyTrip's issue of share options to its employees, the group invested US\$23m to maintain its relative shareholding. Following these transactions, the group holds a 43% effective interest (40% fully diluted) in MakeMyTrip.

The group invested US\$71m for an additional interest in its associate Flipkart Limited (Flipkart) in April 2017. The additional interest was acquired from existing shareholders of Flipkart. Flipkart undertook various funding rounds during the year in which the group did not participate. These funding rounds resulted in a dilution of the group's interest in Flipkart and in the recognition of an aggregate net dilution gain of US\$252m in "Dilution gains/(losses) on equity-accounted investments" in the income statement. Following the dilutions, the group holds a 12% effective interest (11% fully diluted) in Flipkart.

In November 2017 the group invested US\$100m in Remitly, Inc. (Remitly), a global digital money-transfer service. The investment resulted in the group acquiring a 23% effective interest (20% fully diluted) in Remitly. The group accounts for its interest in Remitly as an investment in an associate.

The following relates to significant disposals by the group during the reporting period:

During May 2017 the group disposed of its investment in its joint venture Souq Group Limited for a consideration of US\$173m. A gain on disposal of US\$89m has been recognised in "(Losses)/gains on acquisitions and disposals" in the income statement following the transaction.

In September 2017, following the receipt of regulatory approval, the group distributed the majority of its shareholding in Novus Holdings Limited (Novus) to its shareholders. The group recognised the distribution as an in specie dividend, reducing retained earnings by US\$69m, being the fair value of the distributed Novus shares. A loss on disposal of US\$145m has been recognised in "(Losses)/gains on acquisitions and disposals" in the income statement following the distribution, being the difference between the fair value of the distributed Novus shares and the book value of the assets distributed as well as the reclassification of reserves of US\$112m. After the distribution, the group holds a 19% interest in Novus and accounts for this interest as an available-for-sale investment.

During February 2018 the group disposed of its investment in its joint venture Konga Online Shopping Limited. A loss on disposal of US\$38m, representing the reclassification of the group's foreign currency translation reserve from other comprehensive income to the income statement, has been recognised in "(Losses)/gains on acquisitions and disposals".

In March 2018 the group disposed of approximately 6% of its interest in its associate, Tencent Holdings Limited (Tencent). The disposal was executed by way of an accelerated offering by private placement on the Hong Kong Stock Exchange for a cash consideration of US\$9.76bn. The disposal reduced the group's shareholding from 33.17% to 31.17%. A dilution gain of US\$9.1bn has been recognised in "Dilution gains/(losses) on equity-accounted investments" following the transaction, resulting in a cumulative net dilution gain of US\$8.98bn for the year on the group's investment in Tencent.

### Issue of listed bond

The group issued a 10-year US\$1.0bn international bond in July 2017. The bond matures in July 2027 and carries a fixed interest rate of 4.85% per annum. The proceeds were partially utilised to repay the group's US\$700m international bond which matured in July 2017. The remaining proceeds will be utilised for general corporate purposes, including acquisitions.

### Financial instruments

The fair values of the group's financial instruments that are measured at fair value at each reporting period are categorised as follows:

	Fair-value measurements at 31 March 2018 using:		
	Quoted prices in active markets for identical assets or liabilities (level 1) US\$m	Significant other observable inputs (level 2) US\$m	Significant unobservable inputs (level 3) US\$m
<b>Assets</b>			
Available-for-sale investments	33	2	–
Forward exchange contracts	–	9	–
Derivatives embedded in leases	–	–	1
Currency devaluation features	–	–	2
<b>Liabilities</b>			
Forward exchange contracts	–	162	–
Earn-out obligations	–	–	58
Interest rate and cross-currency swaps	–	124	–

	Fair-value measurement at 31 March 2017 using:		
	Quoted prices in active markets for identical assets or liabilities (level 1) US\$m	Significant other observable inputs (level 2) US\$m	Significant unobservable inputs (level 3) US\$m
<b>Assets</b>			
Available-for-sale investments	11	2	–
Forward exchange contracts	–	2	–
Currency devaluation features	–	–	6
<b>Liabilities</b>			
Forward exchange contracts	–	106	–
Shareholders' liabilities	–	–	18
Earn-out obligations	–	–	24
Interest rate swaps	–	8	–

## Notes to the summarised consolidated financial statements *continued*

for the year ended 31 March

### Financial instruments *continued*

There have been no transfers between levels 1 or 2 during the reporting period, nor were there any significant changes to the valuation techniques and inputs used in measuring fair value.

Currency devaluation features relate to clauses in content acquisition agreements that provide the group with protection against significant currency devaluations. The fair value of currency devaluation features is measured through the use of discounted cash flow techniques.

For earn-out obligations, current forecasts of the extent to which management believes performance criteria will be met, discount rates reflecting the time value of money and contractually specified earn-out payments are used. Changes in these assumptions could affect the reported fair value of these financial instruments.

The fair value of level 2 financial instruments is determined with the use of exchange rates quoted in active markets and interest rate extracts from observable yield curves.

Financial instruments for which fair value is disclosed:

	Carrying value US\$m	Fair value US\$m
<b>31 March 2018</b>		
Financial liabilities		
Capitalised finance leases	1 158	1 125
Publicly traded bonds	3 200	3 357
	Carrying value US\$m	Fair value US\$m
<b>31 March 2017</b>		
Financial liabilities		
Capitalised finance leases <sup>(1)</sup>	1 211	1 199
Publicly traded bonds	2 900	3 041

#### Note

<sup>(1)</sup> Includes financial liabilities classified as held for sale.

The fair values of the capitalised finance leases have been determined through discounted cash flow analysis. The fair values of the publicly traded bonds have been determined with reference to the listed prices of the instruments as at the end of the reporting period.

### Related party transactions and balances

The group entered into various related party transactions in the ordinary course of business. There have been no significant changes in related party transactions and balances since the previous reporting period.

### Events after the reporting period

In April 2018 the group acquired the share capital held by non-controlling shareholders of its subsidiary Dubizzle Limited (Dubizzle) for US\$190m. Following the acquisition, the group holds a 100% effective interest in Dubizzle.

In May 2018 the group announced the sale of its interest in Flipkart Limited – its equity-accounted eetail investment in India – to US-based retailer Walmart Inc. for US\$2.2bn. The transaction is subject to regulatory approval.

In May 2018 the group invested US\$35m for a 16% effective interest in Honor Technology Inc., a first-of-its-kind home-care company providing in-home senior care.

In May 2018 the group invested US\$89m for a 36% effective interest in FCG Germany GmbH (Frontier Car Group), an online car marketplace headquartered in Berlin.

In June 2018 the group committed to an investment of US\$80m in its associate, Bundl Technologies Private Limited (Swiggy), the operator of a first-party food-delivery marketplace in India. Following this investment, the group will hold a 24% effective interest (23% fully diluted) in Swiggy.

### Pro forma financial information

The group has presented certain revenue and trading profit metrics in local currency, excluding the effects of changes in the composition of the group (the pro forma financial information) in the following tables. The pro forma financial information is the responsibility of the board of directors (the board) of Naspers Limited and is presented for illustrative purposes. Information presented on a pro forma basis has been extracted from the group's management accounts, the quality of which the board is satisfied with.

Shareholders are advised that, due to the nature of the pro forma financial information and the fact that it has been extracted from the group's management accounts, it may not fairly present the group's financial position, changes in equity, results of operations or cash flows.

The pro forma financial information has been prepared to illustrate the impact of changes in foreign exchange rates and changes in the composition of the group on its results for the period ended 31 March 2018. The following methodology was applied in calculating the pro forma financial information:

1. Foreign exchange/constant currency adjustments have been calculated by adjusting the current period's results to the prior period's average foreign exchange rates, determined as the average of the monthly exchange rates for that period. The local currency financial information quoted is calculated as the constant currency results, arrived at using the methodology outlined above, compared to the prior period's actual IFRS results. The relevant average exchange rates (relative to the US dollar) used for the group's most significant functional currencies, were South African rand (2018: 0.0774; 2017: 0.0713); Polish zloty (2018: 0.2794; 2017: 0.2516); Russian rouble (2018: 0.0173; 2017: 0.0159); Chinese yuan renminbi (2018: 0.1517; 2017: 0.1483); Indian rupee (2018: 0.0155; 2017: 0.0149); Brazilian real (2018: 0.3097; 2017: 0.3061); and Nigerian naira (2018: 0.0028; 2017: 0.0035).
2. Adjustments made for changes in the composition of the group relate to acquisitions and disposals of subsidiaries and equity-accounted investments, as well as to changes in the group's shareholding in its equity-accounted investments. For mergers, the group composition adjustments include a portion of the prior year's results of the entity with which the merger took place. The following significant changes in the composition of the group during the respective reporting periods have been adjusted for in arriving at the pro forma financial information:

## Notes to the summarised consolidated financial statements *continued*

for the year ended 31 March

### Pro forma financial information *continued*

#### Year ended 31 March 2018

Transaction	Basis of accounting	Reportable segment	Acquisition/Disposal
Dilution of the group's interest in Tencent	Associate	Social and internet platforms	Disposal
Dilution of the group's interest in Mail.ru	Associate	Social and internet platforms	Disposal
Dilution of the group's interest in Flipkart	Associate	Ecommerce	Disposal
Acquisition of the group's interest in Kreditech	Associate	Ecommerce	Acquisition
Acquisition of the group's interest in Delivery Hero	Associate	Ecommerce	Acquisition
Effect of merger of ibibo with MakeMyTrip	Associate	Ecommerce	Acquisition and disposal
Disposal of the group's interest in Souq	Joint venture	Ecommerce	Disposal
Acquisition of the group's interest in Takealot	Subsidiary	Ecommerce	Acquisition
Acquisition of the group's interest in AutoTrader	Subsidiary	Ecommerce	Acquisition
Disposal of the group's interest in Netretail	Subsidiary	Ecommerce	Disposal
Disposal of the group's interest in Allegro and Ceneo	Subsidiary	Ecommerce	Disposal
Disposal of the group's interest in Novus	Subsidiary	Media	Disposal

The net adjustment made for all acquisitions and disposals that took place during the year ended 31 March 2018 amounted to a negative adjustment of US\$508m on revenue and a negative adjustment of US\$181m on trading profit.

An assurance report issued in respect of the pro forma financial information, by the group's external auditor, is available at the registered office of the company.

The adjustments to the amounts, reported in terms of IFRS, which have been made in arriving at the pro forma financial information, are presented in the table below:

	Year ended 31 March							
	2017 A	2018 B	2018 C	2018 D	2018 E	2018 F <sup>(2)</sup>	2018 G <sup>(3)</sup>	2018 H <sup>(4)</sup>
	IFRS <sup>(1)</sup> US\$m	Group compo- sition disposal adjust- ment US\$m	Group compo- sition ac- quisition adjust- ment US\$m	Foreign currency adjust- ment US\$m	Local currency growth US\$m	IFRS <sup>(1)</sup> US\$m	Local currency growth % change	IFRS % change
<b>Revenue</b>								
Internet	10 621	(608)	295	511	5 109	15 928	51	50
Social and internet platforms	7 692	(45)	23	361	4 250	12 281	56	60
– Tencent	7 506	(40)	–	341	4 217	12 024	56	60
– Mail.ru	186	(5)	23	20	33	257	18	38
Ecommerce	2 929	(563)	272	150	859	3 647	36	25
– Etail	1 659	(338)	167	97	475	2 060	36	24
– Travel	123	120	(20)	2	51	276	21	>100
– Marketplaces	327	(327)	–	–	–	–	–	(100)
– Payments	186	(8)	39	11	66	294	37	58
– Classifieds	426	–	14	38	150	628	35	47
– Food delivery	53	–	49	–	64	166	>100	>100
– Other	155	(10)	23	2	53	223	37	44
Video entertainment	3 401	(73)	1	119	232	3 680	7	8
Media	588	(123)	–	37	5	507	1	(14)
Corporate services	2	–	–	–	1	3	50	50
Intersegmental	(50)	–	–	(1)	30	(21)	60	58
<b>Economic interest</b>	14 562	(804)	296	666	5 377	20 097	39	38

#### Notes

<sup>(1)</sup> Figures presented on an economic-interest basis as per the segmental review.

<sup>(2)</sup> A + B + C + D + E.

<sup>(3)</sup> E/(A + B) x 100.

<sup>(4)</sup> (F/A) – 1 x 100.

## Notes to the summarised consolidated financial statements *continued*

for the year ended 31 March

### Pro forma financial information *continued*

Year ended 31 March								
	2017 A	2018 B	2018 C	2018 D	2018 E	2018 F <sup>(2)</sup>	2018 G <sup>(3)</sup>	2018 H <sup>(4)</sup>
	IFRS <sup>(1)</sup> US\$m	Group compo- sition disposal adjust- ment US\$m	Group compo- sition ac- quisition adjust- ment US\$m	Foreign currency adjust- ment US\$m	Local currency growth US\$m	IFRS <sup>(1)</sup> US\$m	Local currency growth % change	IFRS % change
<b>Trading profit</b>								
Internet	2 030	(79)	(90)	102	1 090	3 053	56	50
Social and internet platforms	2 761	(17)	(7)	92	897	3 726	33	35
– Tencent <sup>(5)</sup>	2 701	(15)	–	87	902	3 675	34	36
– Mail.ru	60	(2)	(7)	5	(5)	51	(9)	(15)
Ecommerce	(731)	(62)	(83)	10	193	(673)	24	8
– Etail	(281)	79	(39)	(8)	(21)	(270)	(10)	4
– Travel	(88)	6	4	–	17	(61)	21	31
– Marketplaces	137	(137)	–	–	–	–	–	(100)
– Payments	(69)	(9)	(17)	(2)	33	(64)	42	7
– Classifieds	(328)	–	1	18	195	(114)	59	65
– Food delivery	5	–	(23)	1	(13)	(30)	>(100)	>(100)
– Other	(107)	(1)	(9)	1	(18)	(134)	(17)	(25)
Video entertainment	287	(2)	–	17	67	369	24	29
Media	19	(18)	8	–	(6)	3	>(100)	(84)
Corporate services	(14)	–	–	(4)	(4)	(22)	(29)	(57)
<b>Economic interest</b>	<b>2 322</b>	<b>(99)</b>	<b>(82)</b>	<b>115</b>	<b>1 147</b>	<b>3 403</b>	<b>52</b>	<b>47</b>

#### Notes

<sup>(1)</sup> Figures presented on an economic-interest basis as per the segmental review.

<sup>(2)</sup> A + B + C + D + E.

<sup>(3)</sup> E/(A + B) × 100.

<sup>(4)</sup> (F/A) – 1 × 100.

<sup>(5)</sup> Refer to the basis of preparation of these summarised consolidated financial statements for details of the group's change in calculation of trading profit.

Year ended 31 March								
	2017 A	2018 B	2018 C	2018 D	2018 E	2018 F <sup>(1)</sup>	2018 G <sup>(2)</sup>	2018 H <sup>(3)</sup>
	IFRS US\$m	Group compo- sition disposal adjust- ment US\$m	Group compo- sition ac- quisition adjust- ment US\$m	Foreign currency adjust- ment US\$m	Local currency growth US\$m	IFRS US\$m	Local currency growth % change	IFRS % change
<b>Other metrics reported</b>								
Development spend								
– economic interest	1 084	(15)	–	18	(131)	956	(12)	(12)
– consolidated	861	(85)	–	15	(122)	669	(17)	(22)
Consolidated revenue	6 098	(780)	287	268	787	6 660	15	9
Consolidated ecommerce revenue	2 173	(586)	286	114	511	2 498	32	15
Consolidated trading loss	(214)	(34)	(51)	31	227	(41)	(92)	(81)
Avito revenue	204	–	–	22	58	284	28	39

Core headline earnings, calculated in local currency terms, amounted to US\$2.42bn.

Development spend is not an IFRS measure and has therefore been excluded from the assurance report issued by the group's external auditor.

#### Notes

<sup>(1)</sup> A + B + C + D + E.

<sup>(2)</sup> E/(A + B) × 100.

<sup>(3)</sup> (F/A) – 1 × 100.

# Further information





# Notice of annual general meeting

Notice is hereby given in terms of the Companies Act No 71 of 2008, as amended (the Act), that the 104th annual general meeting of Naspers Limited (the company or Naspers) will be held on the 2nd floor, Daisy Room, Cape Town International Convention Centre 2 (CTICC2), corner of Heerengracht and Rua Bartholomeu Dias, Foreshore, Cape Town, South Africa on Friday 24 August 2018 at 11:15.

**Please note that the registration counter for purposes of registering to vote at this meeting on Friday 24 August 2018 will close at 11:00.**

## Record date, attendance and voting

The record date for the meeting (being the date used for the purpose of determining which shareholders are entitled to participate in and vote at the meeting) is 17 August 2018.

Votes at the annual general meeting will be taken by way of a poll and not on a show of hands.

A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, participate in and vote at the meeting in the place of the shareholder. A proxy need not be a shareholder of the company.

Before any person may attend or participate in a shareholders' meeting, that person must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of that person to participate and vote, either as a shareholder or as a proxy for a shareholder, has been reasonably verified. Forms of identification include valid identity documents, driver's licences and passports.

A form of proxy, which includes the relevant instructions for its completion, is attached for the use of holders of certificated shares and 'own name' dematerialised shareholders who wish

to be represented at the annual general meeting. Completion of a form of proxy will not preclude such a shareholder from attending and voting (in preference to that shareholder's proxy) at the annual general meeting.

Holders of dematerialised shares, other than 'own name' dematerialised shareholders, who wish to vote at the annual general meeting, must instruct their central securities depository participant (CSDP) or broker accordingly in the manner and cutoff time stipulated by their CSDP or broker.

Holders of dematerialised shares, other than 'own name' dematerialised shareholders, who wish to attend the annual general meeting in person, need to arrange the necessary authorisation as soon as possible through their CSDP or broker.

A shareholder may appoint a proxy at any time. For practical purposes, the form appointing a proxy and the authority (if any) under which it is signed, must reach the transfer secretaries of the company (Link Market Services South Africa Proprietary Limited, 13th floor, Rennie House, 19 Ameshoff Street, Braamfontein 2001 or PO Box 4844, Johannesburg 2000) by no later than 11:15 on Wednesday 22 August 2018 to allow for processing of such proxy. Should you hold Naspers ordinary shares, the signed proxy must reach the registered office of the company by no later than 11:15 on Wednesday 22 August 2018 to allow for processing of such proxy. A form of proxy is enclosed with this notice. The form of proxy may also be obtained from the registered office of the company. All other proxies must be handed to the company secretary prior to the commencement of the meeting.

## Purpose of meeting

The purpose of the meeting is: (i) to present the directors' report and the

audited annual financial statements of the company for the immediate preceding financial year; an audit committee report and the social and ethics committee report; (ii) to consider and, if approved, to adopt with or without amendment, the resolutions set out below; and (iii) to consider any matters raised by the shareholders of the company, with or without advance notice to the company.

## Electronic participation

Shareholders entitled to attend and vote at the meeting or proxies of such shareholders shall be entitled to participate in the meeting (but not vote) by electronic communication. Should a shareholder wish to participate in the meeting by electronic communication, the shareholder concerned should advise the company thereof by no later than 09:00 on Friday 17 August 2018 by submitting via registered mail addressed to the company (for the attention of Mrs Gillian Kisbey-Green) relevant contact details, as well as full details of the shareholder's title to securities issued by the company and proof of identity, in the form of certified copies of identity documents and share certificates (in the case of materialised shares) and (in the case of dematerialised shares) written confirmation from the shareholder's CSDP, confirming the shareholder's title to the dematerialised shares. Upon receipt of the required information, the shareholder concerned will be provided with a secure code and instructions to access the electronic communication during the annual general meeting. Shareholders must note that access to the electronic communication will be at the expense of the shareholders who wish to utilise the facility.

## Integrated annual report

The integrated annual report of the company for the year ended 31 March 2018 is available on [www.naspers.com](http://www.naspers.com) or on request during normal business hours at Naspers's registered address, 40 Heerengracht, Cape Town 8000

(contact person Ms Yasmin Abrahams) and in Johannesburg at MultiChoice City, 144 Bram Fischer Drive, Randburg 2194 (contact person Mrs Toni Lutz).

## Ordinary resolutions

In order for the ordinary resolutions below to be adopted, the support of a majority of votes exercised by shareholders present or represented by proxy at this meeting is required. Ordinary resolution number 10 requires the support of at least 75% of the total number of votes exercised by the shareholders present or represented by proxy at this meeting.

- To consider and accept the financial statements of the company and the group for the twelve (12) months ended 31 March 2018 and the reports of the directors, the auditor and the audit committee. The summarised form of the financial statements is attached to this notice. A copy of the complete annual financial statements of the company for the financial year ended 31 March 2018 can be obtained from [www.naspers.com](http://www.naspers.com) or on request during normal business hours at Naspers's registered address, 40 Heerengracht, Cape Town 8000 (contact person Ms Yasmin Abrahams) and in Johannesburg at MultiChoice City, 144 Bram Fischer Drive, Randburg 2194 (contact person Mrs Toni Lutz).
- To confirm and approve payment of dividends in relation to the N ordinary and A ordinary shares of the company as authorised by the board after having applied the solvency and liquidity tests contemplated in the Act.
- To reappoint, on the recommendation of the company's audit committee, the firm PricewaterhouseCoopers Inc. as independent registered auditor of the company (noting that Mr B Deegan is the individual registered auditor of that firm who will

undertake the audit) for the period until the next annual general meeting of the company.

- To approve the appointment of Mr M R Sorour as non-executive director with effect from 1 April 2018. His abridged curriculum vitae appears on page 60 of the integrated annual report. The board unanimously recommends the approval of the appointment of the director in question.
- To elect Messrs C L Enenstein, D G Eriksson, H J du Toit, G Liu and R Oliveira de Lima, who retire by rotation and, being eligible, offer themselves for re-election as directors of the company. Their abridged curricula vitae appear on pages 59 and 60 of the integrated annual report.

The board unanimously recommends that the re-election of directors in terms of resolution number 5 be approved by the shareholders of the company.

The appointment of the director in ordinary resolution number 4 and the re-election of directors in ordinary resolution number 5 will be conducted as a series of votes, each being for the candidacy of a single individual to fill a single vacancy, and in each vote to fill a vacancy, each voting right entitled to be exercised, may be exercised once.

- To appoint the audit committee members as required in terms of the Act and as recommended by the King IV™ Report for Corporate Governance for South Africa 2016 (King IV™) (principle 8). The board and the nomination committee are satisfied that the company's audit committee members are suitably skilled and experienced independent non-executive directors. Collectively they have sufficient qualifications and experience to fulfil their duties, as contemplated in regulation 42 of the Companies Regulations 2011.



## Notice of annual general meeting

continued

Collectively, they have a comprehensive understanding of financial reporting, internal financial controls, risk management and governance processes within the company, as well as International Financial Reporting Standards (IFRS) and other regulations and guidelines applicable to the company. They keep up to date with developments affecting their required skillset.

The board and the nomination committee therefore unanimously recommend Messrs D G Eriksson and B J van der Ross, and Prof R C C Jafta for election to the audit committee. Their abridged curricula vitae appear on pages 59 and 60 of the integrated annual report. The appointment of the members of the audit committee will be conducted by way of a separate vote in respect of each individual.

7. To endorse the company's remuneration policy, as set out in the remuneration report in the integrated annual report on pages 68 to 91, by way of a non-binding advisory vote.
8. To approve the implementation of the remuneration policy as set out in the remuneration report in the integrated annual report on pages 68 to 91, by way of a non-binding advisory vote.
9. To place the authorised but unissued share capital of the company under the control of the directors and to grant, until the conclusion of the next annual general meeting of the company, an unconditional authority to the directors to allot and issue at their discretion (but subject to the provisions of the Act and the JSE Listings Requirements and the rules of any other exchange on which the shares of the company may be quoted or listed from time to time, and the memorandum of incorporation of the company), the unissued shares of the company, on such terms and conditions and to

such persons, whether they be shareholders or not, as the directors in their discretion deem fit.

10. Subject to a minimum of 75% of the votes of shareholders of the company present in person or by proxy at the annual general meeting and entitled to vote, voting in favour thereof, the directors be authorised and are hereby authorised to issue unissued shares of a class of shares already in issue in the capital of the company for cash as and when the opportunity arises, subject to the requirements of the JSE Limited (the JSE), including the following:

- This authority shall not endure beyond the earlier of the next annual general meeting of the company or beyond fifteen (15) months from the date of this meeting.
- That a paid press announcement giving full details, including the intended use of the funds, will be published at the time of any issue representing, on a cumulative basis within one year, 5% or more of the number of shares of that class in issue prior to the issue.
- The aggregate issue of any particular class of shares in any financial year will not exceed 5% (21 932 802) of the issued number of that class of shares (including securities that are convertible into shares of that class).
- That in determining the price at which an issue of shares will be made in terms of this authority, the discount at which the shares may be issued may not exceed 10% of the weighted average traded price of the shares in question, as determined over the thirty (30) business days prior to the date that the price of the issue is determined.
- That the shares will only be issued to 'public shareholders' as defined in the JSE Listings Requirements, and not to related parties.

### Special resolutions

The special resolutions set out on the following pages require the support of at least 75% of votes exercised by shareholders present or represented by proxy at this meeting in order to be adopted.

### Special resolutions numbers 1.1 to 1.13

The approval of the remuneration of the non-executive directors for the year ending 31 March 2020 (up to 5% increase on fees (excluding value-added tax (VAT)) for 31 March 2019 already approved by shareholders at the annual general meeting on 25 August 2017), as follows:

Board		31 March 2020 (proposed up to 5% increase year on year (excluding VAT))
1.1	Chair*	2.5 times member
1.2	Member	US\$199 330
	All members: Daily fees when travelling to and attending meetings outside home country	US\$3 500
Committees		
1.3	Audit committee: Chair	2.5 times member
1.4	Member	US\$49 110
1.5	Risk committee: Chair	2.5 times member
1.6	Member	US\$29 170
1.7	Human resources and remuneration committee: Chair	2.5 times member
1.8	Member	US\$34 510
1.9	Nomination committee: Chair	2.5 times member
1.10	Member	US\$18 600
1.11	Social and ethics committee: Chair	2.5 times member
1.12	Member	US\$25 530
Other		
1.13	Trustee of group share schemes/other personnel funds	R53 760

#### Note

\* The chair of Naspers does not receive additional remuneration for attending meetings, or being a member of or chairing any committee of the board.

The reason for and effect of special resolutions numbers 1.1 to 1.13 is to grant the company the authority to pay remuneration to its directors for their services as directors.

Each of the special resolutions numbers 1.1 to 1.13 in respect of the proposed 31 March 2020 remuneration, will be considered by way of a separate vote.

### Special resolution number 2

That the board may authorise the company to generally provide any financial assistance in the manner contemplated in and subject to the provisions of section 44 of the Act to a director or prescribed officer of the company or of a related or interrelated company, subject to (ii) below, or to a related or interrelated company or corporation, or to a member of a related or interrelated corporation, pursuant to the authority hereby conferred upon the board for these purposes. This authority shall (i) include and also apply to the granting of financial assistance to the Naspers share incentive scheme, the other existing group share-based incentive schemes (details of which appear in the integrated annual report) and such group share-based incentive schemes that are established in future (collectively the Naspers group share-based incentive schemes) and participants thereunder (which may include directors, future directors, prescribed officers and future prescribed officers of the company or of a related or interrelated company) (participants) for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or interrelated company, or for the purchase of any securities of the company or a related or interrelated company, pursuant to the administration and implementation of the Naspers group share-based incentive schemes, in each instance on the terms applicable to the Naspers

## Notice of annual general meeting

*continued*

group share-based incentive scheme in question (ii) be limited, in respect of directors and prescribed officers, to financial assistance in relation to the acquisition of securities as contemplated in (i).

The reason for and effect of special resolution number 2 is to approve generally the provision of financial assistance to the potential recipients as set out in the resolution.

### Special resolution number 3

That the company, as authorised by the board, may generally provide, in terms of and subject to the requirements of section 45 of the Act, any direct or indirect financial assistance to a related or interrelated company or corporation, or to a member of a related or interrelated corporation, pursuant to the authority hereby conferred upon the board for these purposes.

The reason for and effect of special resolution number 3 is to approve generally the provision of financial assistance to the potential recipients as set out in the resolution.

### Special resolution number 4

That the company or any of its subsidiaries be and are hereby authorised to acquire N ordinary shares issued by the company from any person whatsoever (including any director or prescribed officer of the company or any person related to any director or prescribed officer of the company), in terms of and subject to the Act and in terms of the rules and requirements of the JSE, being that:

- Any such acquisition of N ordinary shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement.
- This general authority shall be valid until the company's next annual general meeting, provided that it shall not extend beyond fifteen (15)

months from the date of passing of this special resolution.

- An announcement will be published as soon as the company or any of its subsidiaries have acquired N ordinary shares constituting, on a cumulative basis, 3% of the number of N ordinary shares in issue prior to the acquisition, pursuant to which the aforesaid 3% threshold is reached, and for each 3% in aggregate acquired thereafter, containing full details of such acquisitions.
- Acquisitions of N ordinary shares in aggregate in any one financial year may not exceed 20% of the company's N ordinary issued share capital as at the date of passing of this special resolution.
- In determining the price at which N ordinary shares issued by the company are acquired by it or any of its subsidiaries in terms of this general authority, the maximum premium at which such N ordinary shares may be acquired, will not exceed 10% of the weighted average of the market value at which such N ordinary shares are traded on the JSE as determined over the five (5) business days immediately preceding the date of repurchase of such N ordinary shares by the company or any of its subsidiaries.
- At any point the company may only appoint one agent to effect any repurchase on the company's behalf.
- The company and/or its subsidiaries may not repurchase any N ordinary shares during a prohibited period as defined by the JSE Listings Requirements, unless a repurchase programme is in place where dates and quantities of shares to be traded during the prohibited period are fixed, and full details of the programme have been submitted to the JSE in writing prior to the commencement of the prohibited period.
- Authorisation for the repurchase is given by the company's memorandum of incorporation.

A resolution has been passed by the board authorising the repurchase, and confirming that the company and its subsidiaries passed the solvency and liquidity test and that from the time that the test was done there have been no material changes to the financial position of the group. Before the general repurchase is effected, the directors, having considered the effects of the repurchase of the maximum number of N ordinary shares in terms of the foregoing general authority, will ensure that for a period of twelve (12) months after the date of the notice of the annual general meeting:

- The company and the group will be able, in the ordinary course of business, to pay their debts.
- The assets of the company and the group, fairly valued in accordance with IFRS, will exceed the liabilities of the company and the group.
- The company and the group's ordinary share capital, reserves and working capital will be adequate for ordinary business purposes.

Additional information in respect of the following appears in the integrated annual report and in the annual financial statements, and is provided in terms of the JSE Listings Requirements for purposes of the general authority:

- Major shareholders.
- Share capital of the company.

### Directors' responsibility statement

The directors, whose names appear in the list of directors contained in the integrated annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution number 4 and certify that, to the best of their knowledge and belief, there are no facts that have been omitted that would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made

and that special resolution number 4 contains all relevant information.

### Material changes

Other than the facts and developments reported on in the integrated annual report and annual financial statements, except for the purposes of the group's share-based incentive schemes, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report and up to the date of this notice.

Other than repurchasing N ordinary shares for purposes of the group's share-based incentive schemes, the directors have no specific intention, at present, for the company to repurchase any of its N ordinary shares, but believe that such a general authority should be put in place in case an opportunity presents itself during the year, which is in the best interest of the company and its shareholders.

The reason for and effect of special resolution number 4 is to grant the company the authority in terms of the Act and the JSE Listings Requirements for the acquisition by the company, or a subsidiary of the company, of the company's N ordinary shares.

### Special resolution number 5

That the company or any of its subsidiaries be and are hereby authorised to acquire A ordinary shares issued by the company from any person whatsoever (including any director or prescribed officer of the company or any person related to any director or prescribed officer of the company), in terms of and subject to the Act.

The reason for and effect of special resolution number 5 is to grant the company the authority in terms of the Act for the acquisition by the company, or a subsidiary of the company, of the company's A ordinary shares.

### Ordinary resolution

11. Each of the directors of the company or the company secretary is hereby authorised to do all things, perform all acts and sign all documentation necessary to effect the implementation of the ordinary and special resolutions adopted at this annual general meeting.

### Other business

To transact such other business as may be transacted at an annual general meeting.

By order of the board



**G Kisbey-Green**  
Company secretary

20 July 2018

Cape Town

## Form of proxy

### Naspers Limited

Incorporated in the Republic of South Africa

Registration number: 1925/001431/06

JSE share code: NPN ISIN: ZAE000015889 LSE share code: NPSN ISIN: US 6315122092  
(the company)

#### 104th annual general meeting of shareholders

For use by holders of certificated shares or 'own name' dematerialised shareholders at the 104th annual general meeting of shareholders of the company to be held on the 2nd floor, Daisy Room, Cape Town International Convention Centre 2 (CTICC2), corner of Heerengracht and Rua Bartholomeu Dias, Foreshore, Cape Town, South Africa on Friday 24 August 2018 at 11:15.

I/We (please print)			
of			
being a holder of		certificated shares or	
'own name' dematerialised shares of Naspers and entitled to (see note 1)		votes, hereby appoint	
1. or, failing him/her,			
2. or, failing him/her,	or, failing him/her,		
3. the chair of the annual general meeting as my/our proxy to act for me/us at the annual general meeting, which will be held on the 2nd floor, Daisy Room, Cape Town International Convention Centre 2 (CTICC2), corner of Heerengracht and Rua Bartholomeu Dias, Foreshore, Cape Town, South Africa on Friday 24 August 2018 at 11:15 for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment or postponement thereof, and to vote for or against the resolutions and/or abstain from voting in respect of the shares in the issued share capital of the company registered in my/our name(s) (see note 2) as follows:			

	In favour of	Against	Abstain
<b>Ordinary resolutions</b>			
1. Acceptance of annual financial statements			
2. Confirmation and approval of payment of dividends			
3. Reappointment of PricewaterhouseCoopers Inc. as auditor			
4. To confirm the appointment of M R Sorour as a non-executive director			
5. To elect the following directors:			
5.1 C L Enenstein			
5.2 D G Eriksson			

	In favour of	Against	Abstain
5.3 H J du Toit			
5.4 G Liu			
5.5 R Oliveira de Lima			
6. Appointment of the following audit committee members:			
6.1 D G Eriksson			
6.2 B J van der Ross			
6.3 R C C Jafta			
7. To endorse the company's remuneration policy			
8. To approve the implementation of the remuneration policy as set out in the remuneration report			
9. Approval of general authority placing unissued shares under the control of the directors			
10. Approval of general issue of shares for cash			
11. Authorisation to implement all resolutions adopted at the annual general meeting			
<b>Special resolution number 1</b>			
Approval of the remuneration of the non-executive directors			
Proposed financial year 31 March 2020:			
1.1 Board – chair			
1.2 Board – member			
1.3 Audit committee – chair			
1.4 Audit committee – member			
1.5 Risk committee – chair			
1.6 Risk committee – member			
1.7 Human resources and remuneration committee – chair			
1.8 Human resources and remuneration committee – member			
1.9 Nomination committee – chair			
1.10 Nomination committee – member			
1.11 Social and ethics committee – chair			
1.12 Social and ethics committee – member			
1.13 Trustees of group share schemes/other personnel funds			

## Form of proxy

continued

	In favour of	Against	Abstain
<b>Special resolution number 2</b>			
Approve generally the provision of financial assistance in terms of section 44 of the Act			
<b>Special resolution number 3</b>			
Approve generally the provision of financial assistance in terms of section 45 of the Act			
<b>Special resolution number 4</b>			
General authority for the company or its subsidiaries to acquire N ordinary shares in the company			
<b>Special resolution number 5</b>			
General authority for the company or its subsidiaries to acquire A ordinary shares in the company			

and generally to act as my/our proxy at the said annual general meeting (tick whichever is applicable).

The shareholder **must provide direction** to his/her proxyholder (unless the proxy is provided to the chair); failure to so comply will be deemed to authorise the chair to vote in favour of the resolutions.

Signed at..... on this ..... day of .....2018

Signature..... Assisted (where applicable) .....

### Notes to form of proxy

- The following provisions shall apply in relation to proxies:
  - A shareholder of the company may appoint any individual (including an individual who is not a shareholder of the company) as a proxy to participate in, speak and vote at the annual general meeting of the company.
  - A shareholder may appoint two or more persons concurrently as proxies and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder.
  - A proxy instrument must be in writing, dated and signed by the shareholder.
  - A proxy may not delegate the proxy's authority to act on behalf of the shareholder to another person, other than to the chair.
  - A copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at the annual general meeting.
  - Irrespective of the form of instrument used to appoint the proxy: (i) the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder; (ii) the appointment is revocable unless the proxy appointment expressly states otherwise; and (iii) if the appointment is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing or making a later inconsistent appointment of a proxy and delivering a copy of the revocation instrument to the proxy and the company.
  - The proxy is not entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction.
- A certificated or 'own name' dematerialised shareholder may insert the names of two alternative proxies of the shareholder's choice in the space provided, deleting "the chair of the annual general meeting". The person whose name appears first on the form of proxy and whose name has not been deleted and who attends the meeting, will be entitled and authorised to act as proxy to the exclusion of those whose names follow.
- A shareholder's instructions to the proxy must be indicated by that shareholder in the appropriate space provided, failing which the proxy shall not be entitled to vote at the annual general meeting in respect of the shareholder's votes exercisable at that meeting, provided where the proxy is the chair, failure to so comply will be deemed to authorise the chair to vote in favour of the resolutions.
- A shareholder may appoint a proxy at any time. For practical purposes, forms of proxy for Naspers N ordinary shares must be lodged at or posted to the transfer secretaries of the company, Link Market Services South Africa Proprietary Limited, 13th floor, Rennie House, 19 Ameshoff Street, Braamfontein 2001 or PO Box 4844, Johannesburg 2000. Forms of proxy for Naspers A ordinary shares must be lodged at or posted to the registered office of the company, 40 Heerengracht, Cape Town 8001 or PO Box 2271, Cape Town 8000. Forms of proxy lodged in this manner are to be received by not later than 11:15 on Wednesday 22 August 2018, or such later date if the annual general meeting is postponed to allow for processing of such proxies. All other proxies must be handed to the company secretary prior to the commencement of the meeting.
- The completion and lodging of this form of proxy will not preclude the certificated shareholder or 'own name' dematerialised shareholder from attending the annual general meeting and speaking and voting in person at the meeting to the exclusion of any proxy appointed in terms hereof.
- An instrument of proxy shall be valid for any adjournment or postponement of the annual general meeting, as well as for the meeting to which it relates, unless the contrary is stated therein, but shall not be used at the resumption of an adjourned annual general meeting if it could not have been used at the annual general meeting from which it was adjourned for any reason other than that it was not lodged timeously for the meeting from which the adjournment took place.

## Form of proxy

continued

7. A vote cast or act done in accordance with the terms of a form of proxy shall be deemed to be valid despite:
  - the death, insanity, or any other legal disability of the person appointing the proxy, or
  - the revocation of the proxy, or
  - the transfer of a share in respect of which the proxy was given, unless notice as to any of the above-mentioned matters shall have been received by the company at its registered office or by the chair of the annual general meeting at the place of the annual general meeting, if not held at the registered office, before the commencement or resumption (if adjourned) of the annual general meeting at which the vote was cast or the act was done or before the poll on which the vote was cast.
8. The authority of a person signing the form of proxy:
  - 8.1 under a power of attorney, or
  - 8.2 on behalf of a company or close corporation or trust, must be attached to the form of proxy unless the full power of attorney has already been received by the company or the transfer secretaries.
9. Where shares are held jointly, all joint holders must sign.
10. Dematerialised shareholders, other than by 'own name' registration, must NOT complete this form of proxy and must provide their central securities depository participant (CSDP) or broker of their voting instructions in terms of the custody agreement entered into between such shareholders and their CSDP and/or broker.

## Shareholder and corporate information

### Administration and corporate information

#### Company secretary

Gillian Kisbey-Green  
MultiChoice City  
144 Bram Fischer Drive  
Randburg 2194  
South Africa  
Companysecretariat@naspers.com  
Tel: +27 (0)11 289 3032

#### Registered office

40 Heerengracht  
Cape Town 8001  
South Africa  
PO Box 2271  
Cape Town 8000  
South Africa  
Tel: +27 (0)21 406 2121  
Fax: +27 (0)21 406 3753

#### Registration number

1925/001431/06  
Incorporated in South Africa

#### Auditor

PricewaterhouseCoopers Inc.

#### Transfer secretaries

Link Market Services South Africa Proprietary Limited  
(Registration number: 2000/007239/07)  
PO Box 4844  
Johannesburg 2000  
South Africa  
Tel: +27 (0)11 630 0800  
Fax: +27 (0)11 834 4398

### ADR programme

Bank of New York Mellon maintains a Global BuyDIRECT<sup>SM</sup> plan for Naspers Limited.

For additional information, visit Bank of New York Mellon's website at [www.globalbuydirect.com](http://www.globalbuydirect.com) or call Shareholder Relations at 1-888-BNY-ADRS or 1-800-345-1612 or write to:

Bank of New York Mellon  
Shareholder Relations Department –  
Global BuyDIRECT<sup>SM</sup>  
Church Street Station  
PO Box 11258, New York, NY 10286-1258  
USA

### Sponsor

Investec Bank Limited  
(Registration number: 1969/004763/06)  
PO Box 785700, Sandton 2146  
South Africa  
Tel: +27 (0)11 286 7326  
Fax: +27 (0)11 286 9986

### Attorneys

Werksmans Inc.  
PO Box 1474  
Cape Town 8000  
South Africa  
Webber Wentzel (in alliance with Linklaters)  
PO Box 61771  
Marshalltown  
Johannesburg 2107  
South Africa

### Investor relations

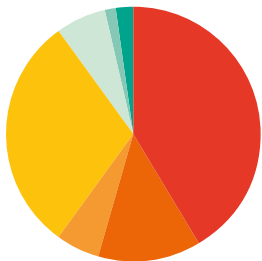
Meloy Horn  
InvestorRelations@naspers.com  
Tel: +27 (0)11 289 3320  
Fax: +27 (0)11 289 3026

## Analysis of shareholders and shareholders' diary

### Analysis of N ordinary shareholders

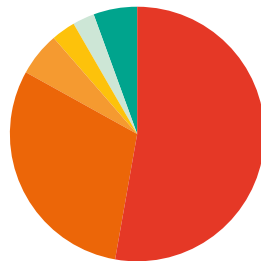
Size of holdings	Number of shareholders	Number of N ordinary shares owned
1 – 100 shares	59 299	2 025 926
101 – 1 000 shares	23 707	7 291 763
1 001 – 5 000 shares	3 243	7 011 763
5 001 – 10 000 shares	678	4 824 245
More than 10 000 shares	1 460	417 502 362
	<b>88 387</b>	<b>438 656 059</b>

#### GEOGRAPHIC SPREAD



	%
● SOUTH AFRICA	41.54
● UK	12.94
● EUROPE (excluding UK)	5.71
● NORTH AMERICA	30.07
● ASIA	6.36
● REST OF THE WORLD	1.26
● OTHER	2.12

#### SHAREHOLDER TYPES



	%
● FOREIGN INSTITUTIONS	53.01
● DOMESTIC INSTITUTIONS	30.09
● PRIVATE STAKEHOLDERS/INVESTORS	5.57
● DOMESTIC BROKERS	3.08
● EMPLOYEES, ETCETERA	2.74
● OTHER	5.51

#### PRICE AND VOLUME

● Volume ● Price



The following shareholders hold 5% or more of the N ordinary issued share capital of the company:

Name	% of N ordinary shares held	Number of N ordinary shares owned
Public Investment Corporation of South Africa	13.72	60 201 787

#### Public shareholder spread (N ordinary shares)

To the best knowledge of the directors, the spread of public shareholders in terms of section 4.25 of the JSE Listings Requirements at 31 March 2018 was 97.01%, represented by 88 376 shareholders holding 425 576 963 N ordinary shares in the company. The non-public shareholders of the company comprising 11 shareholders representing 13 079 096 N ordinary shares are analysed as follows:

Category	% of N ordinary issued share capital	Number of N ordinary shares
Naspers share-based incentive schemes	0.72	3 097 876
Directors	1.49	6 548 894
Group companies	0.78	3 432 326

### Shareholders' diary

Annual general meeting	August
Reports	
Interim for half-year to September	November
Announcement of annual results	June
Annual financial statements	July
Dividend	
Declaration	August
Payment	September
Financial year-end	March



## Naspers voting control structure

### Aim

The aim of the Naspers voting control structure is to ensure the continued independence of the group. When entering foreign countries in the broad media or communications spheres, and when dealing with regulators, it is critical that we give an assurance of our continuity of identity: in other words, that we will not, after we have entered a territory or secured a licence, be taken over by unknown entities with whom the country or regulator may be uncomfortable. We believe that this assurance of independence and continuity is critical for our entry into, and operation in, many markets.

### International

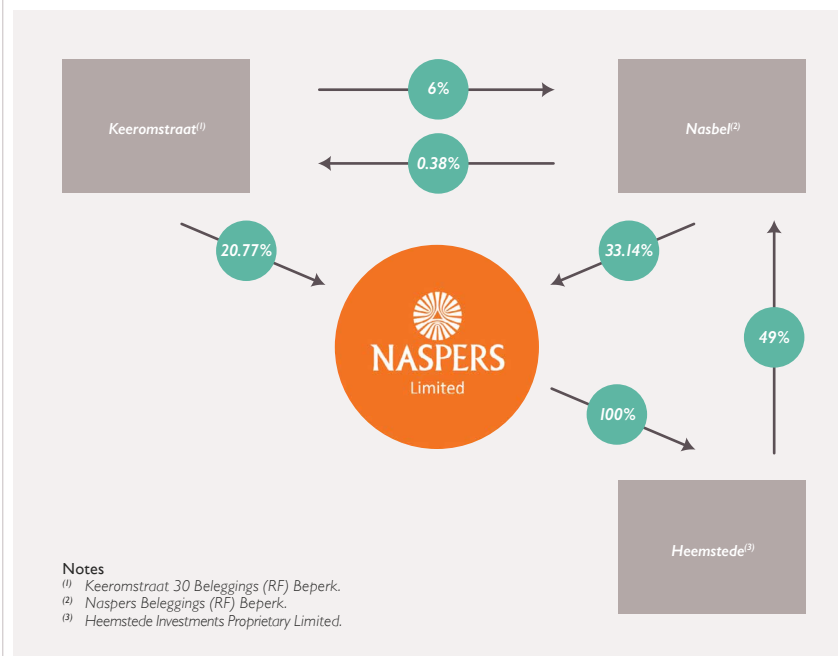
Differentiated voting rights and control structures are commonly used in the media and internet sectors to secure independence and deter raids and efforts to seize control. Many international media and technology companies have differentiated rights or control structures. Some more well-known examples include: Schibsted and Tele2 in Norway, Altice in the Netherlands, MTG in Sweden, Daily Mail & General Trust in the United Kingdom, JD.Com and Alibaba in China, and Alphabet (Google), Facebook, LinkedIn, 21st Century Fox, News Corporation, Discovery, Liberty Global, Snap Inc., Zillow and Zynga in the United States. In recent times many internet and tech companies in particular have implemented similar structures.

### Structure

The issued share capital of Naspers comprises two classes of shares:

- N ordinary shares, that have one vote per share and are listed on the JSE Limited (the JSE). As at 31 March 2018 there are **438 656 059** N ordinary shares in issue, and
- Unlisted A ordinary shares, that have 1 000 votes per share, but have relatively insignificant economic participation. (The dividends declared to A ordinary shareholders are equal to one fifth of the dividends per share to which N ordinary shareholders are entitled.) As at 31 March 2018 there are **907 128** A ordinary shares in issue.

A majority of A ordinary shares is held by two companies that together comprise the control structure of Naspers. The effective voting interests of these two companies are shown in this diagram:



Keerom<sup>(1)</sup> and Nasbel<sup>(2)</sup> hold such A ordinary shares that together they control more than 50% (currently 53%) of the voting rights in Naspers. These two companies exercise such rights in consultation with one another. No other entities are part of the control structure.

Keerom has 2 846 shareholders and its constitutional documents provide that no shareholder is entitled to exercise more than 50 votes regardless of shareholding.

Nasbel has 2 614 shareholders, one of which is Heemstede<sup>(3)</sup> (which is a subsidiary of Naspers) that holds 49% of the shares in Nasbel.

The board of directors of Keerom and the board of directors of Nasbel operate independently.

### History

The voting control structure has been in place since the original listing of the Naspers group on the JSE more than two decades ago. It was approved by the Naspers shareholders and the JSE and is entrenched in the Naspers memorandum of incorporation.



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**NASPERS**

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