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# Prosus delivers strong ecommerce revenue growth and operating performance

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Amsterdam, 23 November 2022 – Prosus N.V. (AEX: PRX) has announced a solid set of results for the first half of the year. Despite a turbulent period during which industry growth expectations and valuations came under significant pressure, we have increased ecommerce revenues and continued organic investment into those segments where we see the highest growth potential. This investment is focused on building and extending our offering within core products to meet local market needs, notably within autos at OLX, convenience delivery in Food and credit at PayU. Organic investment levels peaked during the period, and together with increased scale and actively managing our cost base, our business is well positioned for improvements in profitability and cash flow generation. It is our ambition for our consolidated ecommerce portfolio to become profitable in H1 of FY2025. Our buyback programme will continue for the foreseeable future, as it meaningfully improves net asset value (NAV) per share, creating permanent value that will compound over time.

### Headlines<sup>1</sup>

- Ecommerce revenue up 41%, driven by a strong operating performance across all four core segments
- Group revenue up 9% to US\$16.5bn
- Group trading profit declined by 37% to US\$1.4bn reflecting a lower contribution from Tencent and investment in ecommerce extensions; Core headline earnings down 60% to US\$897m
- Focused organic investment in high potential businesses within our core segments; HY23 reflects peak investment spend
- Open-ended buyback has unlocked permanent value for shareholders, with US\$5.8bn of Prosus and Naspers shares repurchased
- Significant steps taken to drive profitability within core segments, with ecommerce portfolio on track to reach profitability within two years
- Strong and liquid balance sheet a strategic advantage in the current climate; US\$15.8bn gross cash and US\$600m net cash
- Tencent announced on 16 November 2022 that it will distribute Meituan shares to its shareholders next year. Upon receipt of the shares, we will consider them as held for sale.

### Bob van Dijk, Group CEO, Prosus and Naspers, commented:

*“We have shown strong execution and operational growth through a volatile and challenging time. To further scale our ecommerce businesses, we have made significant organic investment in OLX Autos, credit, convenience delivery and edtech, which will drive sustainable long-term value creation for the Group. The Group’s open-ended buyback of Prosus and Naspers shares is unlocking real value. We expect the benefits of the programme to compound over time. Looking ahead, we will work towards simplifying the Group’s structure and to crystallise value from our portfolio.”*

### Group performance[\[1\]](#) [\[2\]](#)

Group results – economic interest basis	HY2023	HY2022	YoY change
Revenues	US\$16.5bn	US\$16.3bn	9%
Trading profit	US\$1.4bn	US\$2.8bn	-37%
Core headline earnings	US\$897m	US\$2.3bn	-60%
<b>Ecommerce portfolio</b>			
Revenues	US\$5.2bn	US\$3.9bn	41%
Trading loss	US\$998m	US\$522m	-62%

<b>Classifieds</b>			
Revenues	<b>US\$1.3bn</b>	US\$988m	60%
Trading loss	<b>US\$159m</b>	US\$42m	-279%
<b>Food</b>			
Revenues	<b>US\$1.9bn</b>	US\$1.3bn	52%
Trading loss	<b>US\$381m</b>	US\$312m	-10%
<b>Payments &amp; Fintech</b>			
Revenues	<b>US\$480m</b>	US\$359m	55%
Trading loss	<b>US\$97m</b>	US\$31m	-194%
<b>Education technology</b>			
Revenues	<b>US\$334m</b>	US\$120m	38%
Trading loss	<b>US\$178m</b>	US\$48m	-81%
<b>Group results - consolidated</b>			
Revenues	<b>US\$3.2bn</b>	US\$2.8bn	33%
Trading loss	<b>US\$531m</b>	US\$318m	-56%

**Basil Sgourdos, Group CFO, Prosus and Naspers, commented:**

*“Revenue grew strongly across our segments, despite the significant foreign currency headwinds in emerging markets and a lower contribution from Tencent. Our ecommerce businesses are all profitable or breakeven at the core and we have accelerated efforts to drive profitable growth. We expect HY23 to mark our peak investment spend, with profitability and cash flow generation improving from here on, with our ambition to be profitable on aggregate in H1 FY2025. Our strong balance sheet and significant liquidity is a key advantage in the current climate; we will remain disciplined on M&A and committed to maintaining our investment grade rating.”*

### **Strong growth and execution in ecommerce**

Ecommerce revenues, on an economic interest basis, grew 41% to US\$5.2bn, driven by strong top-line growth across all four core segments. Trading losses, reported on the same basis, expanded to US\$998m. On a consolidated basis, ecommerce revenue grew 33%, to US\$3.2bn, while trading losses widened to US\$449m. The cash needs of our business are only in relation to our consolidated businesses, and the losses of our associates are prefunded and do not impact our cash position.

Profitability was impacted by continued investment in adjacent growth opportunities: autos transactions in Classifieds, a broader on-demand grocery delivery ecosystem in iFood, credit in Payments and Fintech, and the expansion of our Edtech segment.

Our core Classifieds business, as well as iFood’s restaurant delivery business in Brazil, remain profitable.

We expect HY23 to represent the high water mark in terms of trading losses, with profitability improving materially from this point on, as the benefits of our investment programme and cost reduction initiatives take hold.

A detailed breakdown of the Net Asset Value of the Prosus portfolio, based on market consensus estimates, is on the Prosus website [here](#).

### **Classifieds – OLX Group[\[3\]](#)**

OLX had a strong start to the year, with revenues on an economic interest basis growing 60% to US\$1.34bn. Trading losses increased to US\$159m, reflecting significant investment to scale OLX Autos. Consolidated revenues grew 64% to US\$1.22bn, while consolidated trading losses increased to US\$154m.

Operational metrics across the core classifieds business remained stable, with 89m active listings, 80m monthly active app users and 2.1m paying listers.

OLX has focused efforts on improving productivity, efficiencies and on cutting costs to ensure a sustainable long-term business. Excluding OLX Ukraine, this has resulted in a 9 percentage point improvement in trading profit margin in core classifieds to 27%.

OLX Autos revenues grew by 84%, to US\$1.0bn, as demand and prices for used cars remained high across several markets. Trading losses increased to US\$206m driven by investment to expand our direct-to-consumer business. OLX Autos sold a record 114,000 cars,

up 60% on the prior period.

## **Food Delivery**

Our portfolio of food businesses is present in more than 70 countries, with the most significant businesses being iFood, Delivery Hero and Swiggy.

The segment delivered strong growth, with a focus on improving profitability in the core restaurant businesses, coupled with controlled investment in growth extensions, such as quick commerce and groceries. On an economic interest basis, GMV grew 26%, increasing revenues by 52% to US\$1.9bn. Investment into adjacencies increased trading losses by US\$69m, to US\$381m.

iFood had an outstanding 6 months, as it continues to scale, and is on a defined path to profitable growth. In the core restaurant business in Brazil, orders increased by 2% and GMV by 13%, driving revenue growth of 29%, to US\$606m. Trading profit was US\$45m, with a trading margin of 7%, an improvement of 8 percentage points from the prior period. Overall, iFood trading losses improved to US\$59m, reflecting continued investment in quick commerce and fintech initiatives.

Within quick commerce and grocery delivery, iFood operates a hybrid model, through partnerships with existing grocery retailers, while also investing in dark stores. Orders from these new initiatives grew 152% and GMV 102%.

Delivery Hero continued to deliver strong growth for its half year ended 30 June 2022, with GMV increasing 50% to €20.0bn and an improved adjusted EBITDA margin (as percentage of GMV) of -1.6% (prior period: -2.6%).

Swiggy's core restaurant food delivery business grew GMV by 40%, while its quick commerce GMV increased 15x during the first six months of the year. Our share of Swiggy's revenue grew 118% to US\$150m.

## **Payments & Fintech – PayU**

PayU delivered good results, growing payment volumes and pursuing additional opportunities in credit and digital banking.

Total number of transactions grew 17% year-on-year, driving total payment volume (TPV) growth of 49% to US\$46bn. Economic interest revenue increased 55% to US\$480m, with a trading loss of US\$97m. Consolidated revenue grew 57% to US\$412m, on the back of growth in payments in India, Turkey and Poland, as well as scaling of the credit business in India. Consolidated trading losses expanded to US\$80m, as we continued to invest in growing our credit operations in India.

In India, our largest payments market, TPV grew 59% to US\$28bn, and revenue increased 48% to US\$183m, following increased digitalisation in ecommerce, financial services and bill payments, and a rebound in post pandemic travel.

The Global Payments Organisation, focused mainly in Europe and Latin America, delivered strong growth. TPV grew 38% and revenues were up 45% to US\$181m.

Within PayU's fintech investment portfolio, our share of Remitly's revenue grew 46% to US\$67m.

## **Edtech**

Technology is transforming the education sector and radically increasing access to learning across the world for many millions of people. The segment showed good topline growth, with revenues on an economic interest basis increasing 38% to US\$334m, while trading losses grew to US\$178m, impacted by one-off adjustments related to BYJU's, Udemy and Skillssoft.

Wholly-owned Stack Overflow, a leading knowledge-sharing platform, delivered solid progress, with total bookings increasing by 53% in the period. Revenue grew organically by 33% to US\$45m, driven by Stack Overflow for Teams, which enables organisations to build their own internal communities on top of the open platform. By the end of the period, Stack Overflow for Teams had 1,262 paying teams, generating an annual recurring revenue of US\$50m.

Our Edtech portfolio consists of 11 minority investments, covering the full span of learning from kindergarten through to grade 12 (K–12), and beyond, into third- and enterprise-level education.

## Our impact

Prosus is building a portfolio of asset-light, low carbon business models that enable us to combine our global reach with specialist and local expertise. Its businesses deliver positive impact for society and the planet by using technology to improve everyday life for billions of people. Examples include enabling a wider systemic transition to the circular economy, broader financial inclusion, improved access to education, and facilitating livelihoods.

In line with our commitment towards a decarbonised world, Prosus has recently signed 'The Climate Pledge', a commitment to reach net zero carbon emissions by 2040 – 10 years ahead of the goal set out in the United Nations' Paris Climate Agreement. Prosus has also joined the Partnership for Carbon Accounting Financials (PCAF), a global collaboration between investors and financial institutions to help standardise frameworks for climate accounting and target setting.

Earlier this year, Prosus committed US\$10m to support humanitarian aid efforts in Ukraine. Since then, we have deployed around US\$8m of the total, to projects providing specialised medical equipment, mobile medical centres and modular houses.

Through technology investments, we are able to encourage entrepreneurs focused on solutions to help others. Now in its third year, the Prosus Social Impact Challenge for Accessibility (SICA) provides an annual grant and mentorship to Indian start-ups with the most innovative and promising solutions in the assistive technology space. The top five startups, to be announced in December, will have access to a pool of mentors and financing opportunities through SICA partners including Invest India and Social Alpha, as well as the World Health Organization.

For full details of the Group's results, please visit [www.prosus.com](http://www.prosus.com).

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[1] Group results shown on economic-interest basis from continuing operations (i.e., including a proportionate consolidation of the contribution from associates and joint ventures), unless stated otherwise. All growth percentages shown in this media release are shown in local currency terms, adjusted for acquisitions and disposals.

[2] To reconcile revenue on an economic interest basis, with total consolidated revenue, see note 4, on page 31 of the Prosus summarised consolidated interim financial statements for the six months ended 30 September 2022.

[3] In May 2022, the group announced an intention to exit Avito. The disposal of Avito was concluded in October 2022. Avito is now treated as a discontinued operation in the financial results.

## About Prosus:

Prosus is a global consumer internet group and one of the largest technology investors in the world. Operating and investing globally in markets with long-term growth potential, Prosus builds leading consumer internet companies that empower people and enrich communities.

The group is focused on building meaningful businesses in the online classifieds, food delivery, payments and fintech, and education technology sectors in markets including India and Brazil. Through its ventures team, Prosus invests in areas including health, logistics, blockchain, and social commerce. Prosus actively seeks new opportunities to partner with exceptional entrepreneurs who are using technology to improve people's everyday lives.

Every day, billions of customers use the products and services of companies that Prosus has invested in, acquired or built, including [99minutos](#), [Airmeeet](#), [Aruna](#), [AutoTrader](#), [Autovit.ro](#), [Azos](#), [BandLab](#), [Bibit](#), [Bilt](#), [Biome Makers](#), [Borneo](#), [Brainly](#), [BUX](#), [BYJU'S](#), [Bykea](#), [Captain Fresh](#), [Codecademy](#), [Collective Benefits](#), [Creditas](#), [DappRadar](#), [DeHaat](#), [Detect Technologies](#), [dott](#), [EduMe](#), [ElasticRun](#), [eMAG](#), [Endowus](#), [Eruditus](#), [EVERY](#), [Facily](#), [Flink](#), [Foodics](#), [Good Glamm Group](#), [GoodHabitZ](#), [GoStudent](#), [Honor](#), [iFood](#), [Imovirtual](#), [IndiGG](#), [Klar](#), [Kovi](#), [LazyPay](#), [letgo](#), [Luno](#), [Mensa Brands](#), [Meesho](#), [merXu](#), [Movile](#), [Oda](#), [OLX](#), [Otodom](#), [OTOMOTO](#), [Oxford Ionics](#), [PaySense](#), [PayU](#), [Pharmeasy](#), [Platzi](#), [Property24](#), [Quick Ride](#), [Red Dot Payment](#), [Republic](#), [Sharebite](#), [Shipper](#), [ShopUp](#), [SoloLearn](#), [SpotDraft](#), [Stack Overflow](#), [Standvirtual](#), [Spendflow](#), [Superside](#), [Swiggy](#), [Thndr](#), [Tonik](#), [Ula](#), [Urban Company](#), [Vegrow](#), [Virgio](#), [watchTowr](#), and [Wayflyer](#).

Hundreds of millions of people have made the platforms of Prosus's associates a part of their daily lives. For listed companies where we

have an interest, please see: [Tencent](#), [Delivery Hero](#), [Remitly](#), [Trip.com](#), [Udemy](#), [Skillsoft](#), and [SimilarWeb](#).

Today, Prosus companies and associates help improve the lives of more than two billion people around the world.

Prosus has a primary listing on Euronext Amsterdam (AEX:PRX) and secondary listings on the Johannesburg Stock Exchange (XJSE:PRX) and a2X Markets (PRX.AJ). Prosus is majority-owned by Naspers.

For more information, please visit [www.prosus.com](http://www.prosus.com).

<https://goprosus.com/3GAkWJX>

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