APERTURE

INSIGHTFUL AND RELEVANT RESEARCH UPDATES

Prosus FY 2025 Results

Share Price	R 991.23
Fair Value Range	R 998.15-R1 148.40
Date	26 June 2025

RESULTS SUMMARY

Prosus delivered strong full-year 2025 results, reflecting its resilience and focus on profitable, long-term growth. Revenue rose 21% to US$6.2 billion, core headline earnings jumped 47%, and free cash flow improved by US$597 million. E-commerce profits grew by over 100% year-on-year, outperforming peers with topline growth twice as fast.

The results were supported by solid Tencent performance and the continued success of Prosus' share buyback programme, which has created over US$50 billion in value to date. This drove a 15% increase in Net Asset Value (NAV) per share in FY25. With a strong balance sheet and disciplined capital allocation, Prosus is rewarding shareholders with a proposed 100% increase in dividends. The group also continues to invest in building a leading lifestyle e-commerce ecosystem, underpinned by an AI-first strategy.

In FY25, Prosus invested US$7 billion to deepen its regional presence, including the US$1.7 billion acquisition of Latin American online travel platform, Despegar. It also announced a conditional €4.1 billion deal to acquire Just Eat Takeaway.com, expanding its European food delivery operations. Looking ahead, Prosus aims to build a US$100 billion ecosystem (excluding Tencent) powered by cutting-edge AI technologies and strong operating momentum.

OUR LONG-TERM INVESTMENT VIEW

- Prosus offers exposure to fast-growing online markets in Chinese internet, global video games, online classifieds, food delivery, payments, etailing, advertising and a host of smaller assets and stakes. The group's diversification is unrivalled, certainly within the emerging market universe. While many of the group's platforms remain unprofitable, we believe that there is enough evidence to suggest that, in time, they will be profitable, as we have now seen in the accelerated turnaround in e-commerce and overall narrowing of losses across business segments.
- The recently appointed CEO, Fabricio Bloisi, continues to drive an AI-focussed strategy as management focuses on building the leading lifestyle ecommerce company in Latin America, Europe and India worth a US$100 billion, excluding Tencent. He reignites a strong entrepreneurial culture that will continue to support innovation as they execute on their ecosystem strategy.
- Prosus trades at a discount to its underlying Net Asset Value. However, this discount should start to narrow as the group delivers operationally and continues to implement their value unlock strategy. Currently, Prosus offers a significant opportunity to embrace disruption at a discounted price.

UNPACKING THE FY 2025 RESULTS

Prosus Group

- **Ecommerce revenue** grew 21% to US$6.2bn, driven by strong growth above 15% in Classifieds and Food Delivery, as well as Iyzico and PayU India. While Payments and Fintech garnered impressive revenue growth of 34%, Edtech achieved growth of 15%, despite disruption from AI. Operating profits widened significantly from US$38m in FY24 to US$443m in FY25. This was driven by strong performance in Classifieds, Food Delivery and Tencent and an **overall narrowing of losses in other segments.**
- **Classifieds**' revenue grew 18% to US$788m,

Well capitalised

- **The group remains well capitalised**, with a US$1.9bn net cash position, including US$17.2bn in cash and short-term investments(including US$7bn committed to acquisitions) against US$15.3bn of interest-bearing debt. In addition, there is a US$2.5bn undrawn revolving credit facility. The group's cash inflow of US$1bn compared to an inflow of US$422m in the prior year, was supported by growth in profit within e-commerce units. Tencent also contributed US$1bn dividend, with a further US$1.2bn with strong performance by motors and real estate verticals which grew revenue by 24% and 23% respectively. Profit accelerated by 61% to US$273m, with a margin of 35%.

- The **Food Delivery segment continued to scale,** with growth in revenue of 30%, driven by strong performance in iFood. With GMV and orders up 32% and 29%, respectively for iFood, its trading profit more than doubled to US$226. Delivery Hero experienced 8% growth in GMV, supporting revenue growth of 24%, while Swiggy's Gross Order Value increased by 29%. Food delivery profits increased by more than 100% to US$218m.
- The **Payments and Fintech segment grew revenue by 34%** to US$1,3bn. Despite a challenging environment in India underpinned by increased competition, revenues increased by 14% with a loss of US$12m. India credit grew its loan book by 19% and revenue by 63% but higher costs and increased consumer loan book losses resulted in a loss of US$32m. Iyzico grew revenues by 87% with a margin of 6% while GPO revenues were up by 23% with a 3.2% margin. Overall trading losses narrowed by more than 100% to US$11m.
- **Edtech continues to work on improving financial performance despite disruption from AI**. Revenue increase by 15% primarily driven by Stack Overflow with significantly reduced losses by US$65m to US$33m.
- Etail grew its revenue by 12% and turned positive with a profit of US$10m compared to US$35m loss in FY24, driven by eMag achieving its profitability target, improving by US$40m to US$14m.
- Profit from equity accounted investments increased by 104% to US$5.7bn due to **Tencent**'s increased gains on disposals of US$6bn and increased profitability. An impairment loss was recognised for unlisted investments of US$91m.

expected in June 2025.

- The **business was active in managing its portfolio** for FY25. It completed the US$1.7bn acquisition of Latin American online travel agency, Despegar in May 2025 and in February, announced a €1.4bn conditional agreement to acquire Just Eat Takeaway.com, a European food delivery platform. The group also exited several holdings, including Trip.com, Tazz and GPO in Latin American and Africa. Swiggy successfully listed in November and the sale of GPO Europe is ongoing.

Looking ahead

Management is focused on building a leaner, more agile organisation driven by an AI-first culture. The goal is to grow the ecosystem, excluding Tencent, to a US$100 billion valuation. With strong momentum in FY25, the business expects continued progress into FY26.

The bottom line

Prosus **remains committed to boosting profitability and cash flow** by scaling its entrepreneurial ecosystem, with a focus on AI and cross-selling opportunities. Management remains committed to its share buyback programme to unlock value for shareholders. The company is fairly priced, with the share price trading marginally below our fair value range.

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