APERTURE

INSIGHTFUL AND RELEVANT RESEARCH UPDATES

Prosus FY 2026 Results

Share Price	R 707.48
Date	2 July 2026

RESULTS SUMMARY

Prosus delivered a solid set of full-year 2026 results, reflecting good progress in growing its ecosystem and improving profitability. Revenue rose 57% to US$9.7 bn, core headline earnings per share grew 24% and free cash flow improved by US$493 million.

Prosus made several notable acquisitions during the year. The group acquired Brazilian travel platform Despegar for US$1.7 bn to strengthen its ecosystem in Latin America. Early results have been encouraging, with 21% of Despegar's gross bookings coming through the iFood ecosystem. Prosus also completed the €4.2 bn acquisition of Just Eat Takeaway, one of Europe's largest food delivery businesses with leading positions in the UK, Germany and the Netherlands. Management plans to apply the successful iFood operating model to help return Just Eat Takeaway to sustainable growth. At the same time, Prosus continued to simplify its portfolio, disposing of non-core assets and raising US$2 billion in capital.

Management have framed FY2027 as an investment year. While revenue is expected to grow, group EBITDA is likely to remain flat as the group reinvests in key businesses. At iFood, increased spending to defend market share is expected to reduce adjusted EBITDA by US$100 million - US$150 million. At Just Eat Takeaway, management plans to increase marketing investment, improve the product offering and focus on customer acquisition and retention.

Prosus continues to trade at a significant discount to both its net asset value (NAV) and the value of its Tencent stake, currently around 37% and 17% respectively. While the group's underlying businesses are making steady progress in profitability and cash generation, the investment case remains closely linked to Tencent. Although these discounts are broadly in line with long-term averages, the current Prosus share price still appears attractive relative to the underlying value of its Tencent holding.

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.
- The recently appointed CEO, Fabricio Bloisi, continues to drive an AI-focused 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 narrow as the group delivers operationally and continues to implement their value unlock strategy.

UNPACKING THE FY 2026 RESULTS

- **Ecosystem revenue** grew 53% to US$9.7bn, driven largely by acquisitions. Organic revenue growth was 12% through strong growth in iFood in Latin America and OLX in Europe. Adjusted EBITDA, also benefiting from acquisitions increased 84%. Profitability improvement continued with adjusted EBITDA margin increasing 300bps to 11%.
- **Latin American** revenue more than doubled after the acquisition of Despegar during the year. iFood revenue grew 28% in local currency with their fintech business, Pago,
- **The group remains well capitalised**, with a US$6.5bn net debt position, including US$9.5bn in cash and short-term investments against US$16bn of interest-bearing debt. Management announced an additional US$5bn buyback for the FY27 year.
- Prosus **remained active and disciplined in reshaping its portfolio**, investing during the year through acquisitions such as Despegar, La Centrale (€1.1bn) and Just Eat Takeaway (€4.2bn) to strengthen its European and LatAm ecosystems. At the same time, the group

growing revenue by 93%. Core food delivery revenue increased 12%, down from the first half after the entrance of two Chinese competitors in the market. iFood's adjusted EBITDA margin improved to 22% with Pago turning profitable for the first time. Despegar integration continues with 21% of gross bookings coming from cross selling to iFood customers.

- **Europe** revenue increased 67% after the acquisition of Just Eat Takeaway. Excluding acquisitions, local currency growth was 5%. OLX was the standout performer with revenue growth of 16% in local currency with adjusted EBITDA margin improving 800bps to 48%. Just Eat Takeaway is likely to be the focus area moving forward with the business struggling to maintain market share. Management are looking to bring order growth back by year end with increased investment in marketing and customer acquisition and retention.
- **India**, through PayU, increased revenue 11% in local currency and is now profitable at a 2% adjusted EBITDA margin. Payment revenue increased 6% with credit revenue increasing 26%. Both segments saw strong profitability improvements and are now profitable.
- Profit from equity accounted investments increased 20% with the dividend from Tencent increasing 24%. The group retained a 22.8% interest in Tencent.
- The group continued in their improvement in **free cash flow** generation. Free cash flow increased 55% for the year, benefiting from a solid increase in cash from operations as well as an increase in the dividend from Tencent. Free cash flow excluding Tencent reached a record US$253m.

continued recycling capital by exiting Udemy and other smaller holdings and selling its stakes in Remitly and Meituan, generating US$2bn in proceeds during the year. Management indicated that this disposal of non-core assets will continue.

Looking ahead

Management is focused on building a leaner, more agile business with an AI-first approach. Recent acquisitions and disposals have further aligned the portfolio with this strategy.

FY2027 is expected to be an investment year. While revenue is forecast to grow, group EBITDA is likely to remain broadly flat as Prosus increases investment in key businesses. The focus will be on iFood and Just Eat Takeaway, where management plans to spend more on marketing, product development, and customer acquisition and retention.

Prosus continues to trade at a significant discount to both its net asset value (NAV) and the value of its Tencent stake. Although the group's underlying businesses are improving in terms of growth, profitability, and cash generation, the investment case remains closely linked to Tencent. While these discounts are broadly in line with long-term averages, the current valuation of Tencent suggests that Prosus shares remain attractively priced.