

Naspers Limited Results of Annual General Meeting

Written by Australian Business

CAPE TOWN, South Africa--([BUSINESS WIRE](#))--Naspers Limited ("Naspers") (JSE:NPN) (LSE:NPSN): The 99th annual general meeting (AGM) of Naspers Limited was held this morning, under the chairmanship of Mr Ton Vosloo, in the Naspers Centre at 40 Heerengracht, Cape Town, South Africa.

Shareholders approved all the ordinary and special resolutions with the required majority. A gross dividend of 385c per Naspers N-ordinary and 77c per Naspers A-ordinary share were approved. PricewaterhouseCoopers was appointed as external auditors, with Mr A Wentzel as the individual who will undertake the audit.

Messrs Lourens Jonker, Fred Phaswana, Ben van der Ross, Ton Vosloo and Adv Fran du Plessis, who retired by rotation, were re-elected to the board.

Messrs Boetie van Zyl, Ben van der Ross and Adv Fran du Plessis were elected to the audit committee.

Mr Vosloo reported in his AGM address that Naspers posted a solid performance for the year 31 March 2013. It reached a strategic milestone when revenues from its internet businesses exceeded those from pay television for the first time. The group's strategy remained organic growth of existing businesses and limited acquisitions that add value to the group.

The chairman's address follows:

The group posted a solid performance for the year 31 March 2013. We also reached a strategic milestone this year when revenues from our internet businesses exceeded those from pay television for the first time. During a somewhat bumpy period, Naspers grew revenues, including our share of associates' results, at a compound annual rate of some 25% over the past five years.

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Globally, economic growth remained variable over the past year, but we played the field as we found it. The growth of mobile devices is an important technology trend for our group. With over 1bn smartphones now accounting for 20% of all mobile devices worldwide, internet use is shifting steadily from PC to mobile and tablets. In some of our businesses, as much as a third of total traffic now stems from mobile applications. While this trend disrupts existing business models, it also creates opportunities for our talented engineers and committed people in some 130 countries around the globe.

Throughout the year, we continued to develop our strategy of maximising the potential of existing businesses while investing to grow new ventures for the longer term. While we understand that this strategy will reduce earnings and cash flows in the short term, our shareholders have nonetheless enjoyed steady growth in dividends over the past five years.

Against this background, I can report that we generated consolidated revenue growth of 27% to over R50 billion. The main contribution came from our internet segment, which recorded robust revenue growth across most platforms. Not all internet units are profitable yet, specifically those in development stages.

In line with strategy, we increased our development spend to R4,3bn (up from R2,8bn in 2012). We are aiming at growing our ecommerce businesses and rolling out digital terrestrial pay-TV services across sub-Saharan Africa. As this development spend is expensed through the income statement, our consolidated trading profits for the year were flat at R5,7bn.

Despite this increased spend, core headline earnings per N ordinary share grew 20% to R22,16. Growth came mainly from organic expansion of existing businesses and acquisitions during the year, supplemented by the depreciation of the rand, which has a positive effect when we translate foreign revenues into rand, but is tempered somewhat by the payments to studios for movies, series and other.

These results are underpinned by a diverse portfolio, a fairly global presence and well-spread risk.

In line with our **sustainable development** policy, we continue to reduce our impact on the environment. For example, we no longer print our full integrated annual report. The full report to shareholders is published on our website.

Our integrated report presents a balanced view of our economic, social, environmental and governance activities for the year to 31 March 2013. The report is supplemented by *naspers.org*

, our integrated sustainability platform that captures our combined social awareness as a group and focuses on projects that address social and environmental issues. Our intention is to extend Naspers's core value of being useful to the communities we serve, while reflecting the key concerns of stakeholders. Now in its second year, *naspers.org* is demonstrating the nature and quality of our group's impact on society and on the planet.

In time, it will also harness the group's strengths to help address global challenges such as education.

Looking at our **results by segment**, managed internet revenues expanded 80% to almost R35bn, while trading profits were 44% up at over R6bn. Given the growth of the internet in China, Tencent continues to record strong results. Equally, in the Russian market, Mail.ru had another good year.

Ecommerce revenues doubled to R11bn. During the year we expanded these operations through organic growth and selective acquisitions. We extended the breadth of our products, particularly online retailing (known as *etailing*) and online classifieds. We believe online shopping is a global consumer trend and anticipate that the proliferation of tablets and smartphones will accelerate the uptake of services. As we are in the building phase, this segment is loss-making and we do not expect aggregate profits for several more years.

Pay-TV reported 20% growth in revenues to over R30bn, while trading profits grew 18% to well over R7bn. Growth came largely from an increased net subscriber base, which now reaches around 7m households across 49 countries in Africa.

In South Africa, we closed the year with some 4,5 million subscriber homes, reflecting the benefits of a broad range of options to meet consumer needs. In the rest of sub-Saharan Africa, we reached 2,3 million households.

During the financial year we produced 6 000 hours of local programming in South Africa, Nigeria and Kenya – contributing to the local film industries' sustainability. Seven local general entertainment channels launched, the Africa Magic portfolio of channels was reformatted, and two local community channels were added.

It was a tough year for print media operations globally. Revenues were flat as advertisers proved stingy. Circulation revenues are also under pressure. Media24 was no exception. However, trading profits rose marginally as costs were cut. In Brazil, Abril suffered a decline in profitability, and cost-cutting initiatives are implemented there.

Governance and sustainability are essential measures for our stakeholders. Given the multinational nature of our group, we are exposed to different risks in various jurisdictions. The board conducts the group's business with integrity, applying appropriate corporate governance policies and principles.

A disciplined reporting structure ensures the holding company board is informed of subsidiary activities. Detailed strategies and business plans, covering the financial and non-financial elements of operations, are regularly reviewed and management remuneration is linked to performance and strategic objectives.

We continue to evaluate areas where governance at corporate and subsidiary level can be improved. In line with the requirements of the new Companies Act, the social and ethics committee for Naspers and its South African subsidiaries reports to shareholders by means of a report included in the integrated report.

The **broader regulatory environment** is evolving. In Africa, countries are increasing broadcasting regulation and new competition legislation is toughening. Internet regulation is also increasing. Equally, our newspaper and magazine businesses are subject to some regulatory risks. Naspers's two main South African units, MultiChoice and Media24, are complying with black economic empowerment requirements unique to South Africa.

In essence, the sustainability of our group is determined by our ability to inform,

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entertain and connect people, distribute media products, support ecommerce, sell advertising, develop related technologies and sell these to other media operators.

In line with our sustainable development policy, the group contributes to local communities in which it operates. We also strive to minimise our impact on the environment. Some of our more significant initiatives focus on education, skills development, entrepreneurial spirit, community outreach and environmental sustainability. Most of these are implemented in partnership with government, communities or other local organisations.

We contribute at country level too. For the review period, our group paid R7,6 billion to governments for tax on company profits, tax on our employees' salaries, secondary tax on companies, skills development levies, and more. This all helps to build economies in emerging countries in which we operate.

Moving to dividends

The board has recommended that the annual gross dividend be increased by 15% to 385c (last year's was 335c) per listed N ordinary share, and 77c (previously 67c) per unlisted A ordinary share. If you approve this today, dividends will be payable to shareholders recorded in the books on Friday 20 September 2013, and paid on Wednesday 25 September 2013.

Let's now compare taxes and dividends. If we pay governments R7,6bn in taxes and our shareholders R1,56bn in dividends, that means that states get 5 times more in taxes than shareholders. It's very clear who our biggest shareholders and beneficiaries are!

On to directors

In terms of the company's memorandum of incorporation, Messrs Lourens Jonker, Fred Phaswana, Ben van der Ross, myself and Adv Fran du Plessis retire by rotation today but we are eligible to offer ourselves for re-election.

Members of the audit committee are Adv Fran du Plessis, Messrs Ben van der Ross and Boetie van Zyl. The board recommends that shareholders reappoint these individuals as audit committee members in compliance with the Companies Act.

Now a few achievements and career moves, retirements, top achievers etc

Career moves and new appointments:

Bob van Dijk, recently appointed CEO of Allegro Group. We thank Hein Pretorius for his major role in building Allegro and we look forward to continuing to work with him in the future.

Peet Kruger is stepping down as editor of Beeld (but is remaining with the company). He has been with Media24 since 1981. Adriaan Basson, currently assistant editor at City Press, succeeds Peet.

Oliver Rippel, who is now head of our business-to-consumer (B2C)etail businesses

Tim Jacobs, newly appointed MultiChoice group CFO

Martin Scheepbouwer, was appointed head of all our online classifieds businesses

Retirements:

Cobus Stofberg, chief executive and founding member of the MIH group, retired after serving the group for 28 years. We hope to continue our association with Cobus going

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forward. An announcement will be made in due course.

In May 2013, Bokkie Gerber retired as editor of Rapport, having been with Media24 for 34 years. One of the greats in the field of journalism and a real gentleman.

Nic de Bruine, viewed by many as the rock of Landbouweekblad, retires on 1 April 2014 as head of sales, after a 50-year career with Media24.

Some of our people that served the group many years are seriously ill:

Past director Cronk Conradie and senior sports journalist Herman le Roux; and Ronnie van Wijk, one of the founding members of the M-Net team. They are all in our prayers.

Several of our colleagues passed away:

Prof Jakes Gerwel, who was chairman of Media24 and Welkom Yizani - he also served on the Naspers board for many years and he is sorely missed;

Roberto Civita, who was chairman of our associate Abril in Brazil.

Jaya Naidoo, who started with M-Net in the finance department in 1986 – he always referred to the “caravan days” – M-Net’s decoders were sold out of a caravan in the early days!

Mandy Rossouw, respected political journalist at City Press, who passed away at the young age of 33. Her death was mourned by colleagues, the industry and political parties across the spectrum.

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Albert de Jager, senior typographer during his career with Magazines, passed away last month.

Top Achievers:

Several of our newspapers, magazines and book publishers brought home many prizes and some of our editors have won top prizes: Adriaan Basson from City Press won a prestige CNN award as news journalist of the year and Kate Wilson, editor of Women's Health, was crowned editor of the year.

Our CEO, Koos Bekker, has been honoured with the Frans du Toit medal for leadership in industry, awarded by the South African Academy for Science and Art.

Allegro's green initiative, Allforplanet, was recognised for its interesting climate projects in Poland.

Nolo Letele, executive chair of MultiChoice received a lifetime achievement award for media development in Africa from the Millennium Excellence Foundation – well deserved!

As to the future

Over the past year, revenue growth reflected the expansion of our group. While our strategy is continually refined, three legs are unchanged: organic growth of existing businesses, a few acquisitions that add value and developing new technologies.

In the year ahead, we will focus especially on growing our businesses organically. This will mute earnings in the short term as the cost of developing these businesses is expensed

through the income statement. However, we believe this strategy is sound.

Our aim is to deliver value to our shareholders over the medium to longer term and to contribute to the communities in which we operate.

I thank you.

Important Information:

The report may contain 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. 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. These include factors that could adversely affect our businesses and financial performance. We are not under any obligation to (and expressly disclaim any such obligation to) update or alter our forward-looking statements, as a result of new information, future events or otherwise. Investors are cautioned not to place undue reliance on any forward-looking statements in this report.

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