

# E-commerce investment keeps Naspers earnings flat

By [Thabiso Mochiko](#)

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Internet and media group Naspers delivered flat earnings because of the increased investment in e-commerce businesses and digital terrestrial TV, the company has reported.



Naspers Chairman Ton Vosloo says that billions have been invested in e-commerce ventures and digital terrestrial television services. Image: Naspers

The group's core headline earnings for the year were flat at R8.6bn. Consolidated revenue grew 26% to R62.7bn, driven by both Internet and pay-television businesses.

Growth was funded mainly by development spend, which accelerated 79% to R7.7bn. The money was devoted particularly to e-commerce and digital terrestrial television (DTT).

"This increased development spend limited core headline earnings considered to be an indication of sustainable earnings performance, to R8.6bn, marginally higher than last year," said Naspers Chairman Ton Vosloo.

The pay television business, which covers 50 countries on the African continent, reported 20% growth in revenues to R36.3bn. Total subscribers increased by a record 1.3m, taking the base to more than 8m homes.

Naspers said print media remained exposed to challenging global conditions and experienced a tough year. Revenues were flat and margins declined.

Media24 managed small revenue growth of 1%, but trading profit declined by 7%.

According to Naspers Abril, the Brazilian media conglomerate in which the group has a 30% interest, had a poor year. Revenues declined and restructuring lagged

Vosloo said the group's established businesses performed very well and as a result investment has been stepped up to promote new growth opportunities, particularly in e-commerce.

The group is focusing on e-commerce in emerging markets such as Brazil. Driven by strong growth in or online retail, revenues from e-commerce activities increased 64% to R20.3bn.

"As this is an area of expansion, development spend rose as we scaled operations, increased the number of focus markets in classifieds and strengthened our talent pool. Consequently the trading loss widened to R5.3bn," the group's new Chief Financial Officer, Basil Sgourdos, said.

Naspers owns stakes in Hong Kong-based Tencent and Mail.ru, a Russian Internet company.

"The company will continue to invest heavily for organic expansion and may also acquire new businesses within our fields of focus," new Naspers Chief Executive Bob van Dijk said.

Naspers increased its dividend by 10% to R4.25 per share. Analysts said Naspers's present share price reflected its ventures into e-commerce, which were still making a loss.



New Chief Executive of Naspers, Bob van Dijk says that the company is looking for organic growth but may invest in new acquisitions. Image: Naspers

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