

Naspers to focus on internet operations

Koos Bekker, CEO on media group Naspers (NPN), said Thursday, 27 November 2009, that the group will continue to focus on growing its internet operations.

"We will continue growing our Internet operations organically and through acquisitions," Bekker said. "We also expect to accelerate investment in new products and services over the next six months."

Releasing first half results, Naspers said Internet revenues held up well in local currency, but in some cases the strong rand had a negative impact on contributions to group results.

Investments were also made in new products and services.

Naspers's share of income from associates including Tencent in China, Mail.ru in Russia and Abril in Brazil amounted to R872-million, more than double the contribution compared to the same period last year.

Head of Naspers' Internet division, Antonie Roux, told a conference call that all the Internet businesses performed well.

The segment performed well, growing revenues by 29% and operating profit before amortisation and other gains/losses by 49%.

A major profit driver was Tencent, which upped revenues to R2.2-billion and operating profit before amortisation and other gains/losses to R1.1-billion."

Overall the group reported a 6% increase in revenue to R13.5-billion for the six months ended September 2009, while operating profit (before amortisation and other gains and losses) grew by 19% to R2.8-billion.

Core headline earnings were up to R2.4-billion or R6.48 per share, an increase of 37% on the previous year. Fully diluted core HEPS of R6.34 were reported from R4.70 earlier.

According to Naspers chairman Ton Vosloo: "Most operations performed satisfactory, despite challenging economic conditions. The contributions from our associates are valuable."

Pay-television businesses grew by 352 000 gross subscribers. The group now reaches 3.7 million homes across Africa, an increase of 11% over the last six months. Pay TV margins benefited from the timing of certain content agreements.

Print media in South Africa managed to gain market share. Circulation revenue held up surprisingly well, but advertising was weak. Cost cutting remains a focus.

Naspers recently expanded its footprint in Brazil by acquiring a 91% stake in leading e-commerce platform BuscaP.

Naspers financial director Steve Pacak cautioned that pay TV margins were likely to come under pressure due to increased programming costs. "Live sport, in particular, is becoming very expensive," he said.

He also raised concerns about the impact of increased competition, but added that the diversified nature of operations should help reduce the impact.

At the close of trade on the JSE, Naspers' share price was down 1.2% at R284.51.

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