

NASPERS

Industry: Media
Sector: Broadcasting & Entertainment

ZAR 3,820.91

Analysis of 12-Jun-2024

Closing price of 11-Jun-2024



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NASPERS

ZAE000325783 | NPN | South Africa Analysis of 12-Jun-2024 Closing Price of 11-Jun-2024 ZAR 3,820.91

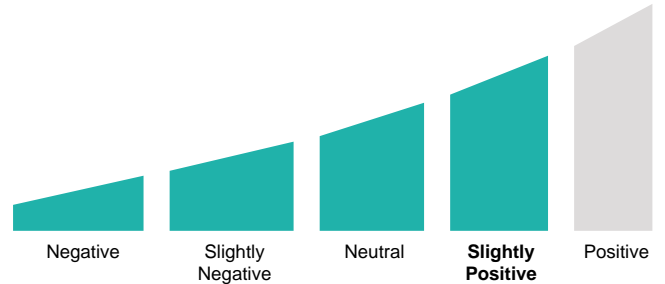
NASPERS active in the sector Broadcasting & Entertainment, belongs to the industry group Media.

Its market capitalization of USD 36.83 bn. ranks it among large-cap stocks.

During the last 12 months this stock has reached a high of ZAR 4,000.00 and a low of ZAR 2,742.35; its current price of ZAR 3,820.91 places it 4.5% under its 52 week high and 39.3% over its 52 week low.

Performance since June 9, 2023: NASPERS: 22.9%, Media: 38.2%, JSE40: -2.5%

Global Evaluation

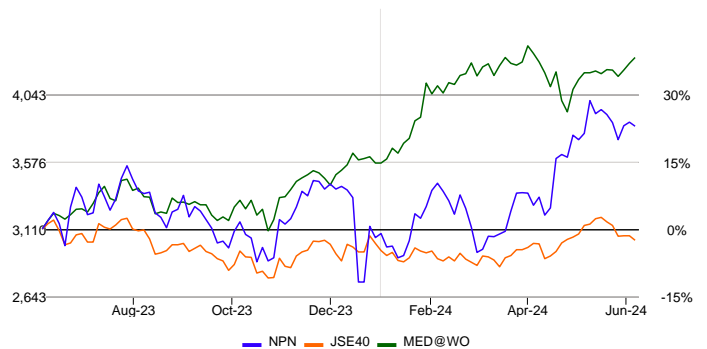


Name	Market	Price	Perf YtD	Mkt Cap in \$bn	Stars	Sensitivity	LT P/E	LT Growth	Dividend	4wk Rel. Perf.	Global Evaluation
NASPERS	ZA	3,820.91	22.2%	36.83	★★★★☆	🌈	10.1	23.2%	0.4%	2.8%	📈
Media (MED@WO)	WO	243.00	19.1%	3,134.68	★★★★★	🌈	16.8	17.6%	0.9%	2.0%	📈
JSE40	ZA	69,787.00	-1.0%	217.23	★★★★☆	🌈	7.9	13.6%	4.6%	-3.6%	📈

Key points

- ✓ The forecasted PE of 10.1 is 39.8% below the industry average of 16.7.
- ✗ Earnings revisions have been negative since May 10, 2024.
- ✓ The expected annual earnings growth of 23.2% is 31.4% above the industry average of 17.6%.
- ✗ In terms of market capitalization, NASPERS grew less than that of its competitors in the past year.
- ✓ The stock is somewhat undervalued from a fundamental perspective.

Comparison June 9, 2023 - June 11, 2024



Checklist / Last change / Target

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	NPN		With a more favourable environment, NASPERS improves to Slightly Positive
Global Evaluation		↑	Upgrade from neutral to slightly positive the 11-Jun-2024.
Stars	★★★★☆	★★★★★ ↑	Three stars since 10-May-2024.
Earnings Rev Trend	★	★	Analysts negative since 10-May-2024. The negative earnings revisions trend is specific to the stock.
Valuation Rating	★	★	Moderately undervalued. In terms of valuation, the stock has good potential.
MT Tech Trend	★	★ ↑	Trend positive since 26-Mar-2024. The technical trend is positive in a positive environment.
4wk Rel. Perf.	★	★	vs. JSE40. Both the stock and the environment have outperformed the market over the last four weeks.
Sensitivity	🌈	🌈	By comparing with other stocks, the sensitivity of NASPERS has been medium and this since 02-Apr-2024.
Target price	4,363.50 ZAR		As of the June 11, 2024, the stock's closing price was ZAR 3,820.91 and its price target is valued at ZAR 4,363.50 (+14%).

NASPERS - Sector Comparison

Name	Symbol	Market	Price	Perf YtD	Mkt Cap in \$bn	Stars	Sensitivity	LT P/E	LT Growth	Dividend	% to target	Global Evaluation
NASPERS	NPN	ZA	3,820.91	22.2%	36.83	★★★★☆	🌅	10.1	23.2%	0.4%	14.2%	📈
MULTICHOICE	MCG	ZA	109.47	35.1%	2.52	★★★★☆	🌅	13.2	16.4%	0.0%	19.3%	📈
META PLATFORMS INC	META	US	507.47	43.4%	1,274.86	★★★★☆	🌅	19.2	19.2%	0.4%	7.8%	📈
NETFLIX	NFLX	US	648.55	33.2%	277.76	★★★★☆	🌅	23.0	25.3%	0.0%	11.2%	📈
WALT DISNEY	DIS	US	100.87	11.7%	187.30	★★★★☆	🌅	16.6	16.1%	0.9%	11.6%	📈
COMCAST A	CMCSA	US	38.32	-12.6%	152.20	★★★★☆	🌅	7.5	8.3%	3.3%	13.1%	📈
PROSUS	PRX	NL	33.82	25.3%	93.15	★★★★☆	🌅	12.2	19.0%	0.3%	9.6%	📈
SPOTIFY TECHNOLOGY	SPOT	US	310.00	65.0%	60.34	★★★★☆	🌅	27.6	58.4%	0.0%	14.9%	📈
UNIVERSAL MUSIC	UMG	NL	28.20	9.3%	55.43	★★★★☆	🌅	22.7	17.5%	2.1%	7.6%	📈
CHARTER COMMU	CHTR	US	276.83	-28.8%	44.41	★★★★☆	🌅	8.3	7.5%	0.0%	-9.8%	📈

Fundamental and Technical Analysis

Price Level Analysis ★

In order to assess whether NASPERS is currently fairly priced, we can combine Peter Lynch's broadly accepted methodology, comparing the projected earnings growth and dividends to the estimated PE ratio, with historic multiples. Based on this,

- NASPERS appears fundamentally undervalued compared to its theoretical fair price.

- its valuation is less attractive than the World Media aggregate.

The fundamental price potential for NASPERS looks good.

Note that the projected earnings growth to the estimated PE ratio of 2.33 is very high, indicating a potentially out of the norm situation, like an extraordinary decline in earnings followed by rebound expectations.

Earnings Revisions ★

NASPERS is weakly followed by financial analysts, as over the last three months an average of 6 analysts provided earnings estimate forecasts up until the year 2026.

Currently, these analysts are negatively revising their earnings growth estimates by -21.7% compared with seven weeks ago. This negative pressure on the growth expectations has been apparent since May 10, 2024.

Technical Trend and relative Performance ★★

The stock has been in a medium-term up trend, which started on March 26, 2024, at a price of ZAR 3,235.58.

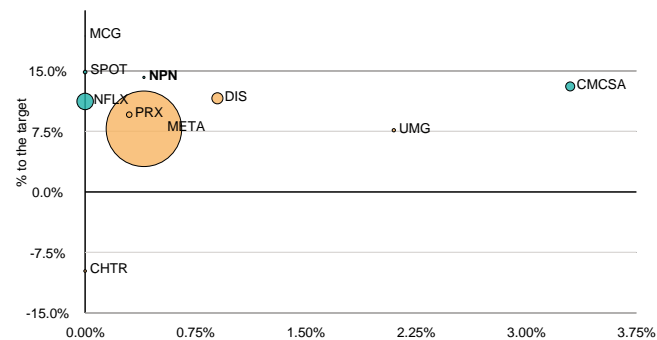
The four-week dividend-adjusted relative performance against the reference index JSE40 is 2.8%. The technical trend is also positive, which validates this overperformance and confirms the investors' interest in this stock.

The four-week relative performance of its reference group Media is positive.

Dividend

The 12-month indicated dividend yield is 0.4%. This estimated dividend represents 3.6% of the estimated earnings. Consequently, the dividend is easily covered, and very likely to prove sustainable.

Expected dividend vs % to target



The bubbles are sized according to market capitalization, and their colors indicate the Global Evaluation.

Sensitivity Analysis vs JSE40

Beta 1.44 indicates that for 1% of index variation, NASPERS varies on average by 1.44%. But a Beta analysis coupled with the correlation gives a more relevant assessment.

Correlation 0.62 This means that 38% movements in the stock are explained by changes in the index.

Volatility 1 month: 18.7%, 12 months: 39.1%.

Sensitivity to Bear Markets

The Bear Market Factor measures the behavior of a stock in declining markets. Thereby NASPERS tends to drop in the same proportion as the JSE40 index. Hence, we observe a market typical behaviour during market declines.

Sensitivity to Bad News

The Bad News Factor measures negative swings of a stock in rising markets. In the case of specific pressure, NASPERS is only moderately sanctioned by the market in most of the times. When the stock goes down in a rising environment, its average deviation is -2.11%.

Summary of the Sensitivity Analysis

By comparing with other stocks, the sensitivity of NASPERS has been medium and this since April 2, 2024.

Conclusion

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The stock currently meets three of our four stars. Positive market signals in absolute and relative terms are balanced by negative analyst signals. Fundamental analysis shows price potential intact.

The situation in the sectoral environment is even slightly more favourable, with four star criteria met.

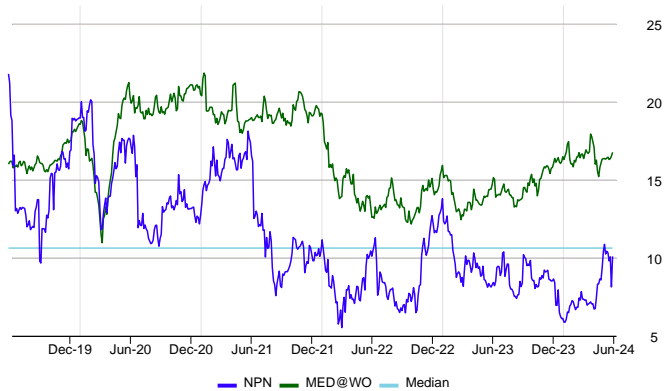
In the past, the share price has reacted to stressful situations with typical market price losses. Loss sensitivity is an important valuation criterion for us, just like the star rating. Taking into account this average loss sensitivity, we obtain an overall positive impression.

Key Figures

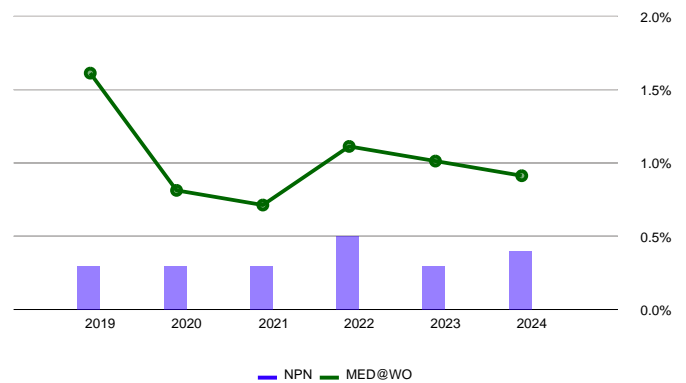
Annualized estimate for current year to	2026
Estimated PE (LTPE) for 2026	10.1
Projected earnings growth (LT Growth)	23.2%
Dividend (Ex Date: 06-Dec-2023)	ZAR 8.74
Number of analysts	6
First analysis date	10-Jun-2002
Financial Ratios - 2023	📉

NASPERS - 5 Year History

Comparative LTPE June 11, 2019 - June 11, 2024



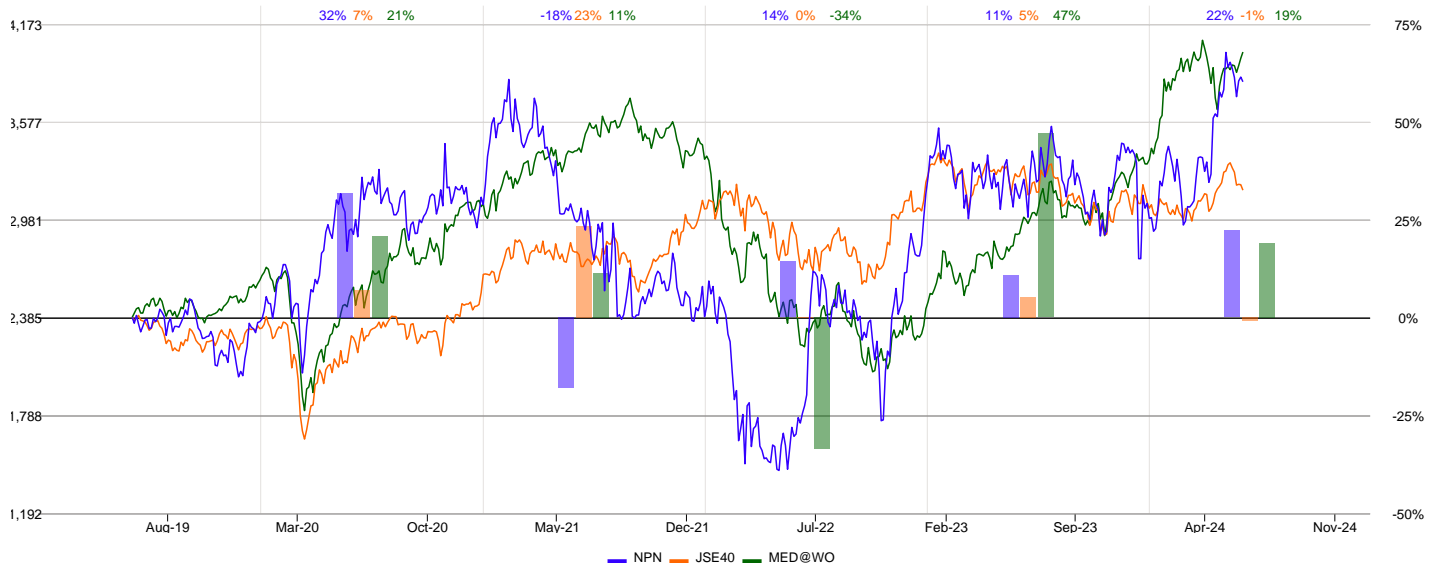
Expected Dividend Yield 2019 - 2024



While the projected forward PE of the stock NASPERS is 10.08, the PE of the group Media is clearly higher (16.75); this indicates that the stock is trading at a large discount compared to its group. Historically speaking, this stock is also currently trading at a discount, because its median is 10.61.

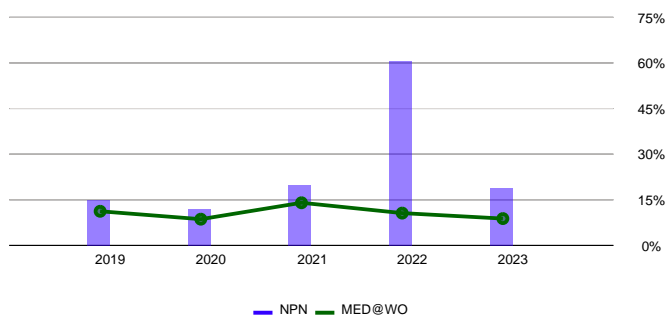
The 12-month indicative dividend yield is 0.4%, less than the 0.9% average of the industry group of NASPERS. Reminder, this estimated dividend represents 3.6% of the estimated earnings. It is thus largely covered, and its payment looks very sustainable. The last estimation of the expected dividend is close to the historical average of 0.3%.

Comparison June 11, 2019 - June 11, 2024



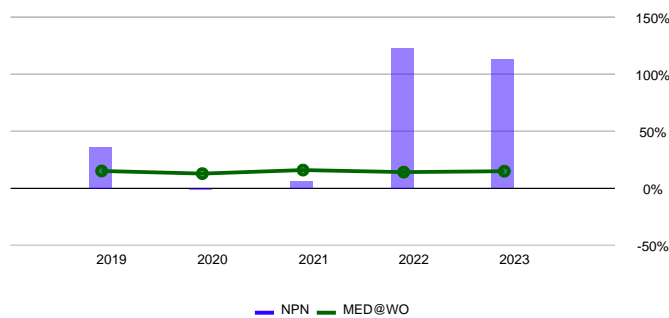
Naspers Limited operates in the consumer internet industry in Africa, Asia, Europe, Latin America, North America. The company operates through Classifieds, Food Delivery, Payments and Fintech, Retail, Edtech, Social and Internet Platforms, Media24, and Other Ecommerce segments. It holds investments in classifieds, food delivery, payments and fintech, education, health, and ecommerce, as well as ventures, and social and internet platforms. The company also prints, publishes, and distributes newspapers, magazines, and books, as well as provides ecommerce and media logistics services. Naspers Limited was incorporated in 1915 and is headquartered in Cape Town, South Africa.

Return on Equity 😞



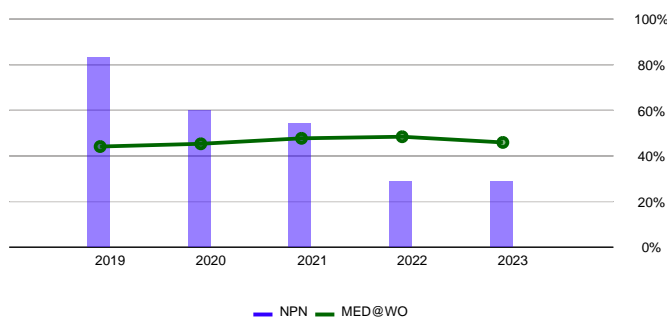
The return on equity, or ratio between profits and available equity, varies greatly from industry to industry. The historical average return on equity of NASPERS is 25%. This is above the industry average of 10%, indicating an efficient use of shareholder capital. The last publicized return on equity of 19% is below the long term average of 25%.

Earnings Before Interest and Taxes (EBIT) 😊



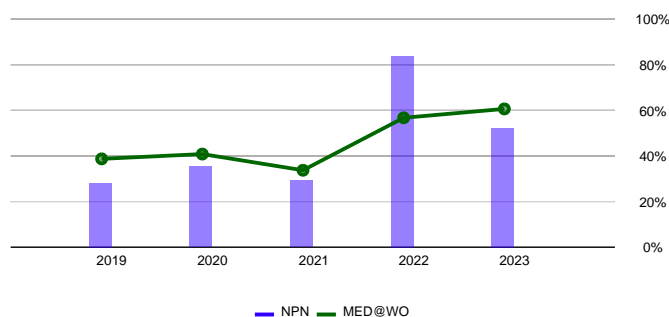
The average historical operating margin (EBIT) of NASPERS has been at 56%. This is above the industry average. The competitors achieved an on average EBIT margin of 13%. The last reported 113% are above the historical average of 56%.

Equity on Assets 😞



The graph shows the share of own funds in relation to the total assets. The higher the value, the more conservative the company's finances. NASPERS has an average equity ratio of 51%, which is above the industry average of 45%. The current capital share of 29% is below the historical average of 51%.

Book Value / Price 😊



The book value of the company is shown in relation to the stock's value. The larger the ratio, the more asset value is obtained relative to the market price. The average value of NASPERS is with 46% near the industry average of 45%. With 52% the current value is above the historical average of 46%.

Balance / Annual Statement

	2021	2022	2023	
	😞	😊	😞	
	31-Mar USD	31-Mar USD	31-Mar ZAR	
Currency 'mio				
Cash & Short Term Invest	95,655	199,912	377,614	32%
Receivables	10,418	16,961	26,241	2%
Inventories	5,867	8,342	7,363	1%
Total Current Assets	113,595	226,793	422,822	36%
Properties & Equipment	8,054	10,752	13,946	1%
Intangible	44,495	64,602	33,249	3%
Total Assets	794,887	1,041,431	1,162,098	100%
Account Payable	14,925	21,329	7,203	1%
Short Term Debt	1,493	2,703	7,576	1%
Total Current Liabilities	63,677	67,772	81,828	7%
Long Term Debt Ratio	119,699	232,038	282,407	24%
Equity	431,385	300,661	336,427	29%
Total Liabilities	794,887	1,041,431	1,162,098	100%

Key Figures

Book Value	1,031.27	1,395.53	1,721.94
Shares Outstanding ('000)	418,335	215,454	195,359
Nb of Employees	28,445	35,276	27,573

Annual Statement

	2021	2022	2023	
	😞	😊	😞	
	31-Mar USD	31-Mar USD	31-Mar ZAR	
Currency 'mio				
Total Revenue	96,206	118,313	115,298	100%
Cost	61,997	79,467	80,868	70%
Gross Income	29,929	34,615	30,619	27%
General Cost & Administration	47,536	45,612	41,455	36%
Research & Development	-	-	-	-
Operating Income	-17,737	-10,997	-10,836	-9%
Amortization	4,280	4,232	3,810	3%
Net Income Before Extra Items	85,992	182,134	160,920	140%
Net Income Before Taxes	6,404	146,029	130,369	113%
Dividend	0	0	3,249	3%
Net Income	85,992	182,134	64,011	56%

Ratios






Current Ratio	1.8	3.3	5.2
Long Term Debt	15.1%	22.3%	24.3%
Revenues on Assets	12.1%	11.4%	9.9%
Cash Flow on Revenues	93.8%	157.5%	58.8%

Glossary - Equities

Global Evaluation

The rating results from several factors: fundamentals, technical analysis, measures of sensitivity, and the benchmark trend.

The synthesis is rated on a 5 level scale:

-  : **Positive**, almost all or all the factors are positive
-  : **Slightly positive**, a majority of factors are positive
-  : **Neutral**, balance between positive and negative factors
-  : **Slightly negative**, a majority of factors are negative
-  : **Negative**, almost all or all the factors are negative

The synthesis for the Indices and Industries is rated on a 3 level scale: Positive, Neutral and Negative.

Number of Stocks

The number of stocks in the index that can be analyzed.

Mkt Cap in \$bn

This number represents the Market Capitalization in USD bn. It is calculated by multiplying a firm's share price by the number of outstanding shares. For reasons of comparison, all results are in USD.

Valuation Rating

Our Valuation Rating indicates if a stock is "expensive" or "cheap" relative to its growth potential. This is used to determine whether or not the investor is paying a premium for anticipated growth.

To estimate a stock's value relative to its current price, our Valuation Rating combines:

- stock price
- projected earnings
- projected earnings growth
- dividends

We establish our rating by combining these elements.

There are five ratings, ranging from strongly undervalued to strongly overvalued.

Stars

theScreener's star rating system is designed to enable you to identify high-quality stocks quickly and easily.

Stars are earned for each element specified below:

- Earnings Rev Trend
- Valuation Rating
- MT Tech Trend
- 4 week Relative Performance

Therefore, a stock can earn a maximum of four stars.

The lowest rating a stock can have is no stars.

Once a stock has earned a star, it will keep it until:

- Earnings Rev Trend becomes negative
- Valuation Rating becomes negative
- MT Tech Trend becomes negative
- 4 week Relative Performance drops below -1%

Dividend

This is the dividend in % for the next 12 months.

Even if the same number is shown, the dividend value can appear in one of four colors, depending on the earnings coverage:

- 0%, no dividend
- 4%, the dividends are covered (between 0% and 40% of earnings)
- 4%, the dividends represent between 40% and 70% of earnings
- 4%, the dividends are higher than 70% of earnings, which implies that the dividend coverage is not guaranteed.

Earnings Rev. Trend

The earnings revision trend represents the analysts' consensus and is based on their earnings per share revisions in the last seven weeks. To ensure reliable estimates, theScreener only analyzes titles that are covered by at least three analysts.

Revisions exceeding $\pm 1\%$ are interpreted as positive or negative earnings revision trends.

Financials Rating

Financials are rated on a three-level scale (positive, neutral, and negative). The overall rating is based on the subratings that take the mid- and long-term development into account as well as the industry average.

Target Price

The target price is an estimate of the stock's price in 12 months.

LT PE

This is the relationship between the price and the estimated long-term future earnings.

LT Growth

This is the estimated annual growth rate of future earnings, normally projected over the next two to three years.

MT Tech. Trend

The medium-term (40d) technical trend indicates the current trend, positive, neutral, or negative.

When a price falls to 1.75% above or below the technical trend, the MT technical trend is considered neutral.

Once the price breaks out of the 1.75% neutral zone, the MT technical trend will change to positive or negative.

4-week (Relative) Performance

This figure measures the dividend-adjusted performance of a stock relative to its national or regional index (compared to four weeks ago). As for an Index, it measures the net performance over 4 weeks.

Bad News Factor

To determine the "Bad News Factor" we analyze a stock's declines in rising markets. If a stock price falls while its relative index goes up, it can be assumed that the stock's performance has been affected by bad news - hence the name, "Bad News Factor".

Here a stock's movements are measured on a bi-weekly basis, during a sliding 52 week period. Every time a stock drops while its reference index rises, the difference is calculated in %, integrated into a yearly average and expressed in basis points.

The higher the "Bad News Factor," the more a stock has proven to be sensitive to bad news. The lower the "Bad News Factor," the less the stock has proven to be sensitive to bad news.

Bear Market Factor

To determine the "Bear Market Factor" we analyze a stock's price movements in declining markets.

This is the analysis of the movements, in a bi-weekly intervals, during a sliding 52 week period. The higher the "Bear Market Factor," the greater the probability a stock would drop when its relative index drops.

A "Bear Market Factor" that is strongly negative means the stock has been more resistant to losses in declining markets.

Sensitivity

Stock price developments are generally volatile and contain high risks that can result in a total loss. Based on a their historical behaviour, stocks are classified by sensitivity level. These sensitivity levels have to be considered solely in relative historical comparison to other stocks. Please note that even "Low Sensitivity" stocks are equities and therefore high risk investments that can lose up to all of their value, and that past performance is no indication of current or future performance.

"Sensitivity" is determined by measuring the "Bear Market Factor" and the "Bad News Factor" against its benchmark.

There are three grades of sensitivity levels:

- Low Sensitivity: The sensitivity indicators fall below the world reference average.
- Moderate Sensitivity: The sensitivity indicators are situated higher than the world reference average, but lower than standard deviation.
- High Sensitivity: The sensitivity indicators are at levels higher than standard deviation.

Volatility

Volatility measures the magnitude of upwards and downwards movements of a stock or index. The volatility 12 M shows the average volatility over the last 12 months.

Beta

Beta is a common measure of sensitivity. Where a Beta is greater than 100, the stock is more volatile than its reference index.

Correlation

Correlation is the degree of similarity in which a stock fluctuates in relation to its reference index.

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More information: www.thescreener.com/home/method/

Price data, financial ratios and earnings estimates provided by FACTSET. Indexes data provided by EDI.