

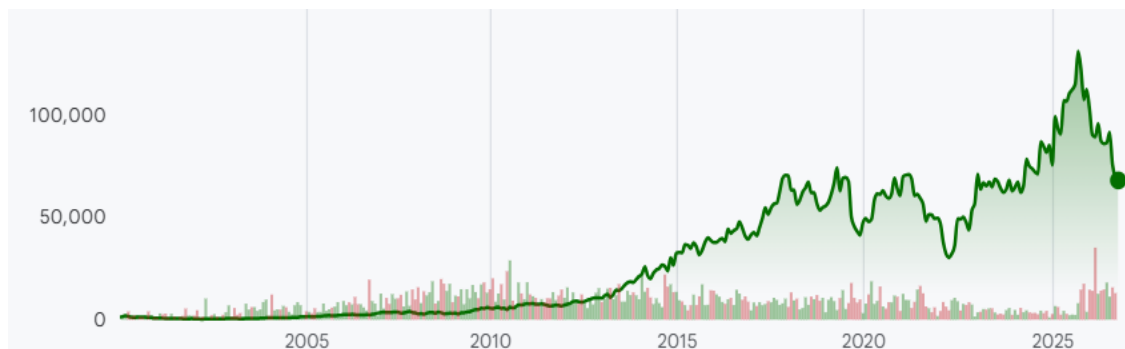
Revisiting Naspers & Tencent

Perspectives: October 26th, 2026

Exactly 8 years ago, on October 26th, 2018, we published a no-frills Perspective titled ‘*Why Naspers is (still) a poor investment idea*’. Its share price on that day was R580, and it is R677 today. Given its ownership of predominantly foreign currency assets, it is also relevant that the SA Rand *declined* by nearly 14% from 14,6 to 16,6 against the US Dollar over this same period.

As can be seen in the chart below, it has been a rollercoaster ride, with the share price declining sharply to a low of R291 in May 2022, then rallying spectacularly to a high of R1,305 in October 2025, before declining sharply since.

Chart 1: Naspers’ Share Price 2000-2026



Even adjusting for the unbundling of Prosus in 2019, owning Naspers over this full 8-year period would have been an underwhelming and rather volatile investment experience in absolute and relative terms in SA Rands or US Dollars for long-term buy-to-own investors.

In our ongoing search for sensible investment opportunities, what are some of the key research issues now worthy of consideration?

Its core asset, Tencent, was a quality long-term growth business and is still perceived as such. The problem is that the market widely believes this and the stock trades on high expectation valuation multiples as a result – most of the time.

Chart 2: Tencent' Share Price 2004-2026



Another, and more serious, problem is that Tencent's achieved business growth fundamentals have deteriorated meaningfully. Sales nearly tripled from FY2016 to FY2021, but increased by only 34% in total from FY2021 to FY2025. This slowdown in growth is *far* more pronounced at its net profit per share level [the bottom-line level that matters even more].

At its share price peak of January 2018, the market priced Tencent on a PE multiple of over 59x. Today, and *after* its share price had already declined significantly, the market is still pricing Tencent on a PE multiple of over 15x – not exactly screaming bargain territory by our reckoning.

Two more equally key issues for long-term investors in *Tencent* to consider includes the risks of owning a business operating almost exclusively in China [over 90% of sales] and the global industry dynamics busy rapidly unfolding for all AI hyperscalers in their turbo-charged capital spending programs.

Now, the evidence suggests the other three key issues for long-term investors in *Naspers* to consider continues to be as valid today as they were in 2018 when we first named them. To recap, these are the VIE ownership structure, excessive executive compensation, and lack of minority shareholder rights. To that list we can now also add two more clearly identifiable concerns we have identified about leadership succession and capital allocation. We continue pursuing clear answers.

Given their very large market caps and resulting very large weightings in the benchmark JSE Indices, all passive and quasi-passive market participants directly or indirectly

remain heavily exposed to these businesses today. With perfect hindsight time will tell, as it has over the past 8 years, where the real risks and opportunities were.

Our work continues...

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