

# 33. The Naspers Group

Revenues 2011/12: ZAR 39.487 billion (€ 3.856 billion)

## Overview

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Naspers is the largest media company in Africa. Founded in Cape Town in 1915, the company limited itself to the print sector in South Africa until the 1980s when it launched the pay TV provider M-Net in cooperation with other South African partners. In the mid-1990s, the portfolio was extended by several online activities and international expansion, particular on growth markets, was promoted further.

## General Information

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### Headquarters:

40 Heerengracht

Cape Town

8001 South Africa

Tel.: +27 (0)21 406 2121

<http://www.naspers.co.za/>

**Branches:** Internet, Pay TV, Newspapers, Magazines, Books

**Legal Form:** Stock Corporation

**Financial Year:** 04/01 ? 03/31

**Founding Year:** 1915

Table I: Economic Performance (in ZAR Mio.)

	2010/11	2009/10	2008/09	2007/08	2006/07	2005/06	2004/05
Revenues	33,085	27,998	26,690	20,518	17,219	15,706	13,518
Profit (Loss)	4,056	4,041	3,783	3,878	3,416	3,004	2,469
Employees	15,932	12,958	11,715	13,812	15,133	12,067	12,072

## People

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### Management:

- Koos Bekker, Group CEO
- Steve Pacak, Group CFO
- Cobus Stofberg, Senior Executive MIH
- Basil (Vasili) Sgourdos, CFO MIH
- Mark Sorour, Group CIO: M&A and Corporate Finance
- André Coetzee, Group Counsel

## Board of Management:

- Ton Vosloo, Naspers
- Rachel Jafta, Stellenbosch University
- Fred Phaswana, Standard Bank Group
- Koos Bekker, Naspers
- Steve Pacak, Naspers
- Jakes Gerwel, Rhodes University
- Boetie van Zyl, Naspers
- Lambert Retief, Zeder Investments Ltd.
- Francine-Ann du Plessis, Loubser du Plessis Inc.
- Neil van Heerden, University of Western Cape
- Hein Willemse, University of Pretoria
- Lourens Jonker, Weltevrede Wine Estate
- Ben van der Ross, Strategic Real Estate Management (Proprietary) Ltd.
- Debra Meyer, University of Pretoria

## History

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Naspers was officially registered on the 12<sup>th</sup> of May 1915 in Cape Town as 'De Nasionale Pers', where it published the first issue of the 'De Burger' newspaper two months later. It was the first daily newspaper in Afrikaans, mouthpiece of the ruling national party and catered for South Africans of European heritage. 'De Burger' defended the Apartheid system with commentaries and leading articles long into the 1980s.

Until 1919, Nasionale Pers continued to extend its business activities in printing and publishing, releasing newspapers, magazines and books as well as running a book club. During the following decades, Nasionale Pers continued to upgrade its daily newspaper business with new titles, albeit limited to Cape Town and the South African Oranje-Freistaat until the 1950s.

The 1950s at Nasionale Pers were distinguished by the extension of the publishing activities: At the beginning of the decade, the Nasionale Boekhandel was founded and the end of the decade witnessed the take over of Tafelberg Uitgewers. In 1963, the educational book publisher Nasou was founded. Thanks to the industrial development of the North-eastern part of South Africa in the 1960s, the Nasionale Pers could establish the Sunday paper 'Die Beeld' (today: Rapport). Further publishing houses were added to the Nasionale Pers portfolio (Via Afrika, Human & Rousseau) as well as book clubs (Leserskring; Leisure Hour, 1982)

In the mid-1980s, Nasionale Pers became involved in the South African television business, which still had been in its infancy at that time, when it founded the Pay TV system M-Net in cooperation with other media companies in the country. In 1993, M-Net was already being separated: One share went to the European Pay TV service FilmNet and the mobile services, the broadcasting system and the subscriber administration went to the new MultiChoice Limited company, which would become the Nasionale Pers' Investment-branch MIH Holdings Limited (Myriad International Holdings) three years later. The name MultiChoice stayed intact even after 1996, due to the fact that the Pay TV business is continued by the subsidiaries MultiChoice South Africa (MCSA) and MultiChouce Africa (MCA).

In the years 1996 and 1997, shortly after the end of the Apartheid-Politik, the first sales of brands by South African media companies to black African groups took place ? Nasionale Pers sold the majority of 'City Press' to a black consortium. In 1997, Nasionale Pers also entered the online business when MIH Limited founded the MWEB Holdings provider. Only one year later, the news24.com service and other websites commenced operations. In May 2001, the 'Naspers' group (which had been called that for three years by now) acquired almost half of Tencent Holdings Limited, the developer of the QQ instant messaging program, the most popular of its kind in China.

Over the course of the year 2000, Naspers merged all print businesses under the roof of Media24, a process that did not finish until 2005. In May 2006, Naspers invested 422 million USD in the Brazilian media company Abril S.A. In order to get a foothold in that growth market too.

In 2006 and 2007, strongly reduced shares were advertised for bids for black African investors as a result of the 'Black-Economic-Empowerment' program, which sought to overcome the injustice caused by the years of Apartheid. The programs were called Welkom Yizani!?, ?Phuthuma Nathi 1? and ?Phuthuma Nathi 2? and provided shares of 15% (of Media24) and 22,5% (of MultiChoice South Africa, MCSA) and were multiplicatively overbooked.

In November 2007, Naspers took over another 40% of the Pay TV service M-Net and the SuperSport International Holdings Limited, a broadcaster of sports programs. However, the larger number of take-overs took place in the online-media and online provider divisions: Sporting an ever-growing share on Mail.ru since 2006, a growing Russian provider of e-mail services, blogs and more, Naspers is active in yet another BRIC-growth state. In 2009, MIH had already bought into two web services in South East Asia when a majority share-hold of Multiply Inc., the largest Internet marketplace for private users in South East Asia, was added to the company portfolio.

24.com, the Internet publisher of the Nasper company division Media24 was integrated into the Media 24 newspaper division in 2011. Thus, the company aims to make sure that the established newspaper and magazine brands will gain a foothold in the growing market of mobile and tablet services. The statistics support the argument: While Media24 suffered from a decrease in revenue over 15% in 2011, the average monthly number of visitors of the 24.com websites grew by 40%. Koos Bekker, the technology-friendly CEO of Naspers still predicts a fruitful business in the print market for years to come, but he also identifies the digital transition as a chance: All of Media24's magazines are already available via the iPad and before the end of 2011, he wants to achieve the same merit for all the newspapers. The optimal pricing is still subject to evaluation at this point. South Africa remains the most important market for Naspers: The lion share of the company's revenue in 2011 is still generated in the home country, despite Internet-involvements all over the world. As far as the strategic direction is concerned, tablet computers are a key factor to Bekker: ?Kids will be doing their homework on tablets.?

## Management

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Koos Bekker, South African of European ancestry, has been the CEO of the 'Nasionale Pers' (as it was called back then) since 1997 and is a member of the board of directors of all larger company subsidiaries ( Media24, MIH Holdings, MultiChoice South Africa Holdings etc.) Bekker, a learned lawyer, says about himself that he only got introduced to the world of media and economy by chance. However, as of today, he loves to try out new concepts and structures. And quite a few of these changes he brought to Naspers indeed: Only one year after entering the company, he co-founded the M-Net service, which provides more than 40 African countries with Pay TV these days. He supports the post-Apartheid 'Black-Economic-Empowerment', but also advocates a clear end date for the support program for practical reasons.

The dynamic and headstrong CEO has constantly promoted and pushed the aggressive online expansion of Naspers. The success justified his means: In 2006, Bekker was awarded the ?South African Ernst & Young and Rand Merchant Bank Best Entrepreneur Award?. In 2007, he took a Sabbath year, travelling to the USA, Russia, China and Korea in order to learn of new technologies and media trends. Bekker, who does not shy away from vigorous words (?South Africa creates almost nothing on the internet?), is convinced of the necessity to push the online market today more than ever, even though mistakes are an inevitable part of the business. He still identifies the company's focus to lie in the border countries of the European growth market. The CEO is an important man in South Africa even outside the company: He was part of the top-class 'Local Organising Committee' during the FIFA World Cup 2010.

# Business Fields

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## Press and Book publishing:

The printing and distribution of magazines, newspapers and books are subsumed under the Media24 company division. The company is the ringleader of the magazine, newspaper and book market with more than 70 newspapers and approximately 60 magazines. The publishing company segments of Media24 and all important individual brands in their own right are Media24 Newspapers ('Die Burger?'), Media24 Books (Jonathan Ball Publishers, South African leader on the general interest book market) and Media24 Magazines ('YOU?' and 'Huisgenoot?', the most popular English and Afrikaans magazines on the South African market). The largest Internet publisher in South Africa ? according to Naspers ? 24.com (responsible for South Africa's leading online news brand 'News24'), has been part of the Media24 newspaper segment since 2011. 'On the Dot' is a logistics service provider, comparable with the Bertelsmanns Arvato AG. In 2000, all print businesses were bundled by Media24 under the Paarl Media segment. This fifth company division contributed 20 percent to Media24's revenues in 2011. The whole of Naspers company division registered an increase in revenues over nine percent. As far as foreign territories are concerned, Media24 owns 30 percent of the largest Brazilian magazine publisher Abril (amongst others).

## Television:

As far as television is concerned, Naspers and its subsidiaries 'MultiChoice South Africa' (MCSA) and 'MultiChoice Africa' (MCA) focus on Pay TV and the provision of associated technologies. In 2011, this is the company division that generated the most revenue, followed by the Internet-business, albeit with quite a considerable gap in between. The television-packages have been offered under the name 'Digital Satellite Television' (Dstv) since 1995 and digitally distributed via satellite (Direct Broadcasting Satellite, DBS), except the limited *M-Net Terrestrial* services.

The range of MCSA encompasses multiple channels by the in-house brand 'Supersport', several HD channels such as 'Discovery HD' and more with new channels being added even in 2011, such as 'Food Network' and 'Sony Max'. The 'Dstv mobile' package, which provides a limited range via the DVB-H mobile technology, launched in December 2010. In 2011, MCSA already sold 480.000 'Personal Video Recorders' (Decoder with hard disk ? video recorder ? function) and in July of the same year, the 'Transactional-Video-on-Demand' - service 'BoxOffice' was introduced. MCSA has approximately 3,5 million subscribers as of 2011.

## Internet:

Judging by the number of involvements and its worldwide distribution, the Internet is the company's core field of activity. Involvements include web services of all kind, such as trading, community, communication and gaming platforms.

By far the most popular Internet service in which Naspers is involved, is QQ by Tencent. Initially a mere 'Instant Messaging Client', that is, a chat program, the service nowadays includes value-added services for Internet and mobile devices, such as games, web search and a social online network. Naspers holds 34 percent of the company, which is the biggest of its kind in China (702 user accounts as of June 2011). The company generated revenues of 1,4 billion Euro from June 2010 until 2011. More than half of those revenues are generated by the 'games' division.

In 2006, Naspers invested in Mail.ru, one of the largest Internet companies within its particular field, involved in 70 percent of the Russian Internet traffic. Just like QQ, Mail.ru offers value-added services and communication services. Through this share of 29 percent, Naspers even owns a small share of Facebook, Zynga, Groupon and ICQ. From June 2010 to 2011, the company generated revenues over 158 million Euro, the result of a registered growth in the two-digit field. The lion share of the revenues is obtained with the MMO-games business (such as Legend: Legacy of the Dragons? or the localised version of The Lord of the Rings).

In Eastern Europe, Naspers holds 97% of Allegro, a Polish online auction house and trading platform with offers from 16 countries. The service generated a revenue of 214 million Euro from March 2010 to 2011, another two-digit growth rate, both for revenue and profits. The leading IM program Gadu-Gadu is also from Poland and was taken over completely by MIH 2008.

In Brazil, Naspers owns majority share-hold of the leading price comparison website (BuscaPe), the largest online classified market (OLX) and the leading online payment service provider (DineroMail, also the leading provider in the rest of Latin America). Naspers also owns the leading price comparison sites PriceCheck in South Africa as well as the largest South Africa, traditional online trader Kalahari.com.

### **Technology:**

Apart from the print activities, this division constitutes the smallest position in regards to revenues in 2011, as it is made up only of the Irdeto company, taken over by Naspers in 1997. MIH bought the company from Canal+. The company has been developing solutions and technologies for the protection of content of platform operators for 40 years. Other solutions are management and distribution systems, software for set-top-boxes and traditional security software.

Although it is a pure 'Internet Service Provider', Naspers categorises the MWEB South Africa company as part of its Pay TV division, as it is part of the largest Pay TV company MultiChoice. MWEB was founded in 1997, although the business of the rest of Sub-Saharan Africa (M-Web Africa) was sold to the Telkom company in 2009.

## **Further Reading**

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- Fourie, Pieter J. 2001: *Media Studies: Institutions, Theories, and Issues*. Lansdown: Juta Education.
- Hydén, Göran et al. 2003: *Media and Democracy in Africa*. New Brunswick: Transaction Publishers.

## **Links**

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- [Annual Report 2011](#)

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