INTUITION
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Prosus: set to deliver

Prosus is the largest technology company in Europe thanks mainly to its 22.5% stake in China's largest tech company, Tencent, which comprises 73% of net asset value (NAV). Spun out of Naspers in 2019, Prosus is gradually diversifying away from Tencent by building a consumer-internet ecosystem across Latin America, India and Europe. FY26 ecosystem revenue grew 57% to a record $9.7 billion as every regional ecosystem turned profitable. However, Tencent is down c30% year-to-date, driven in part by global investors pouring trillions of dollars into US AI Infrastructure companies. This article delves into whether the investment case for Prosus remains intact, given the huge sums of investment still required to drive future non-Tencent earnings as the race for Artificial Intelligence (AI) dominance between the US and China, intensifies.

Nick
Rogers

It is worth starting with an overview of how Prosus is linked to Tencent. In 2001, former Naspers CEO, Koos Bekker, helped convince his board to buy a 46.5% stake in a Chinese start-up called Tencent, for $33 million or roughly R265 million. Tencent grew to become the largest tech company in China, worth well over $500 billion/ R8 trillion today, in turn, making Naspers the most valuable company on the JSE. As Naspers grew (to over 25% of the JSE), fund managers had to continually de-risk and cap their exposure by selling down shares whilst many overseas investors simply could not hold a material exposure to an emerging market like SA. This led to Naspers trading at a significant discount to its net asset value (the share price did not reflect the value of its ecosystem plus the Tencent holding). To attract global investors via a European listing in Amsterdam (secondary listing on the JSE), reduce the Tencent discount and unlock shareholder value, Prosus was formed as a holding company for all of Naspers' international assets. Management have continually sold down the Tencent stake (now 22.5%), raising much needed capital to fund a diversification strategy across eCommerce, food delivery, fintech, edtech, travel, and classifieds as well as continued share buybacks which enhance earnings per share (EPS). In the latest results, Tencent accounted for 73% of Prosus' net asset value (NAV). This explains why 1) Tencent still accounts for close to half of Prosus' daily share price movements and 2) what happens in the Chinese Tech space and Tencent directly impacts and remains the main driver of Prosus' returns.

Why has Tencent's share price fallen by 30% this year and is this a major concern for the Prosus investment case?

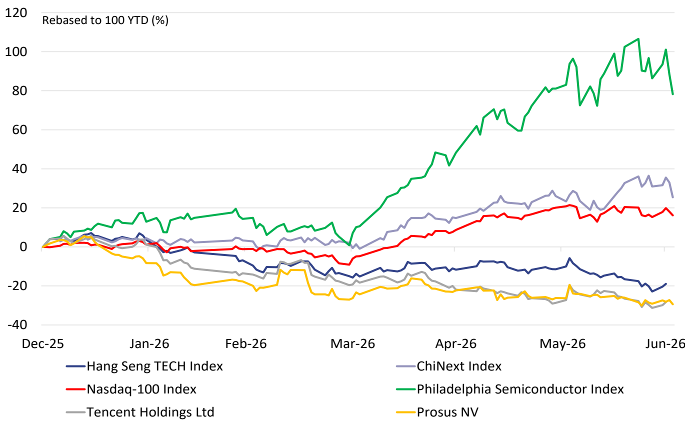
SPEED READ

- **Chinese tech giant, Tencent, accounts for close to half of Prosus' daily share price movements thanks to the latter's 22.5% stake. Tencent is also the largest video game company on the planet, and its WeChat "super-app" anchors the daily online lives of 1.4 billion people.**
- **China tech/AI has seen capital outflows as investors chase the "MANGOS" (Meta, Anthropic, Nvidia, Google, OpenAI, SpaceX) who are dominating the AI race and its infrastructure buildout. This has left Tencent, and Prosus by extension, attractively valued and poised for a recovery.**
- **Chinese memory chip firm CXMT rose 460% after this week's IPO, briefly valuing it as the 2nd largest company in China and the fourth-largest memory producer globally. A shot across the bow for Western tech companies, the race is on.**
- **Prosus's ex-Tencent ecosystem (across LatAm, India and Europe) is now profitable. Heavy reinvestment through FY27 should give way to meaningful returns by FY28.**
- **In LatAm, food delivery's own total addressable market (c$8 billion) is dwarfed by travel (c$22 billion) and the region's full ecosystem (c$100 billion). This is where Prosus is best placed to use AI-driven cross-selling to maximise returns. It is now exporting that same playbook to India and Europe to achieve sustainable, long-term growth.**

Firstly, China's tech and AI players, like Tencent and Alibaba, are late to the AI investment cycle and still have much to prove. Their US rivals, including Microsoft, Google and Amazon, will spend an unprecedented $700 billion in 2026 alone.

To enable AI, one must first invest in large datacentres and semiconductor chips, the foundation level of AI infrastructure. 2025 saw the US "FAANG" shares soar. FAANG represented consumer platforms made up of social networks, streaming, e-commerce and search. But interestingly, many have also faced weakness over 2026, not just Tencent. Investors have shifted their focus to the AI infrastructure companies which are the first recipients of the hyperscalers' cash. They are known as the "MANGOS" and include Meta, Anthropic, Nvidia, Google, OpenAI, SpaceX. MANGOS represent infrastructure including LLMs, semiconductor/AI chips, compute and rockets. Secondly, the US firms have unlimited access to high end Nvidia chips, core to enabling AI processing speed whilst Chinese firms face conditional access to Nvidia's H200 AI chips and are banned from importing the most advanced Blackwell chips. US policy treats top-tier silicon as a strategic military and economic asset, aiming to keep China dependent on slower, older legacy processors.

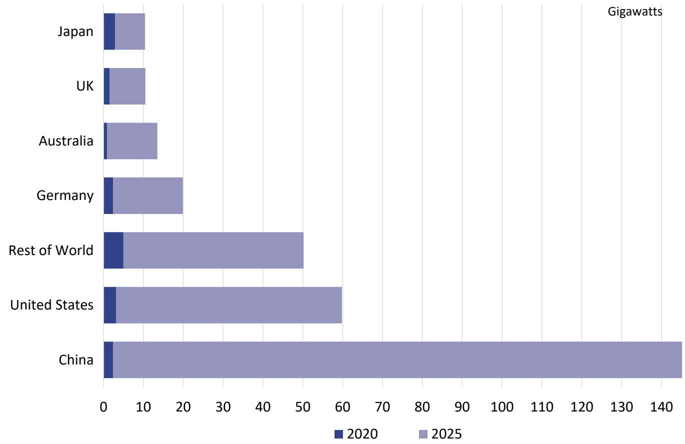
TECH SECTOR PERFORMANCE YTD



Chinese technology companies are currently out of favour as investors bet on the US-based AI Hardware players.

To counter the above, Tencent is backing domestic Chinese AI chipmakers as Beijing ramps up AI investments to compete with the US. Tencent's in-house Canghai V2 media processing chip has just entered mass production and its custom AI chip, Zixiao, is deployed internally within Tencent Cloud infrastructure. With 1.4 billion users, Tencent's WeChat is an indispensable super-app, blending messaging, social media, and mobile payments into daily life. Tencent is also the largest video game company on the planet (c35% of revenue). It owns Riot Games (League of Legends), holds a major stake in Supercell (Clash of Clans) and Epic Games (creator of Fortnite), and develops the massive blockbuster Honor of Kings. WeChat and gaming provide a huge moat along with the monetisation opportunity via cross-selling new AI products and services. There will continue to be threats of tech-related sanctions by Trump as well as copyright infringement legal cases and security concerns from both sides. Unprecedented US capital expenditure may also dampen the hype around the MANGOS, especially if returns disappoint. However, given the low valuation of both Tencent and Prosus, any upside surprises to EPS from the above AI initiatives will see a re-rating off these depressed levels.

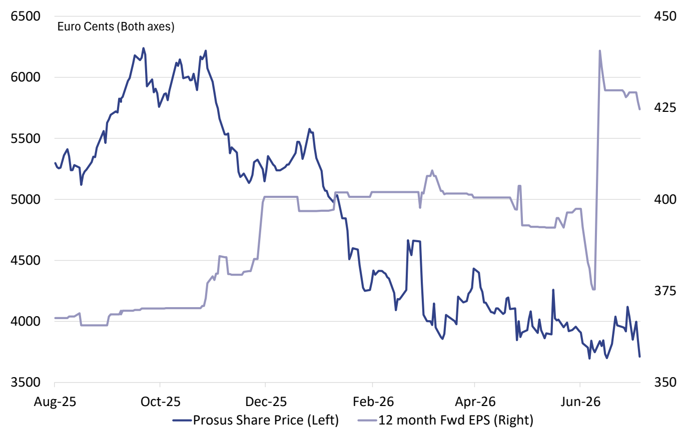
GLOBAL BATTERY CAPACITY



Installed battery capacity buildout in China is over 2x that in the US which is vital for datacentres and where the US is currently facing hurdles with a constrained electricity grid. This will help speed up China and Tencent's AI ambitions as they play catch-up.

Why then is Prosus focusing on the Food Delivery sector as the core driver of future growth, outside of Tencent. The rationale is not food but rather data — the lifeblood of AI. Online food delivery has the highest touchpoint frequency of any consumer vertical. People eat three times a day but might only shop for clothes twice a month, book a holiday twice a year, or take out insurance once every few years. Every order captures what someone eats, when, how much they spend, their demographic, how price-sensitive they are, and how their habits shift week to week. This allows Prosus's advanced Large Commerce Model (LCM) to analyse millions of daily data points to learn

SHARE PRICE V EPS



Despite the Prosus share price retreating from cEUR60 to below EUR40, the consensus 12-month forward earnings per share estimates have risen sharply on its AI-driven prospects and latest results.

individual behaviour, wallet size and, most importantly, intent. That intent signal is what turns a food-delivery app into an ecosystem hub. AI agents sit on top of the transaction data and anticipate what a customer is likely to need next, outside of food. This increases the ability to cross-sell and extract further revenue from insurance, fintech, beauty, pet care, travel and medical services, categories that are otherwise expensive to grow and slow to acquire customers, on a standalone basis

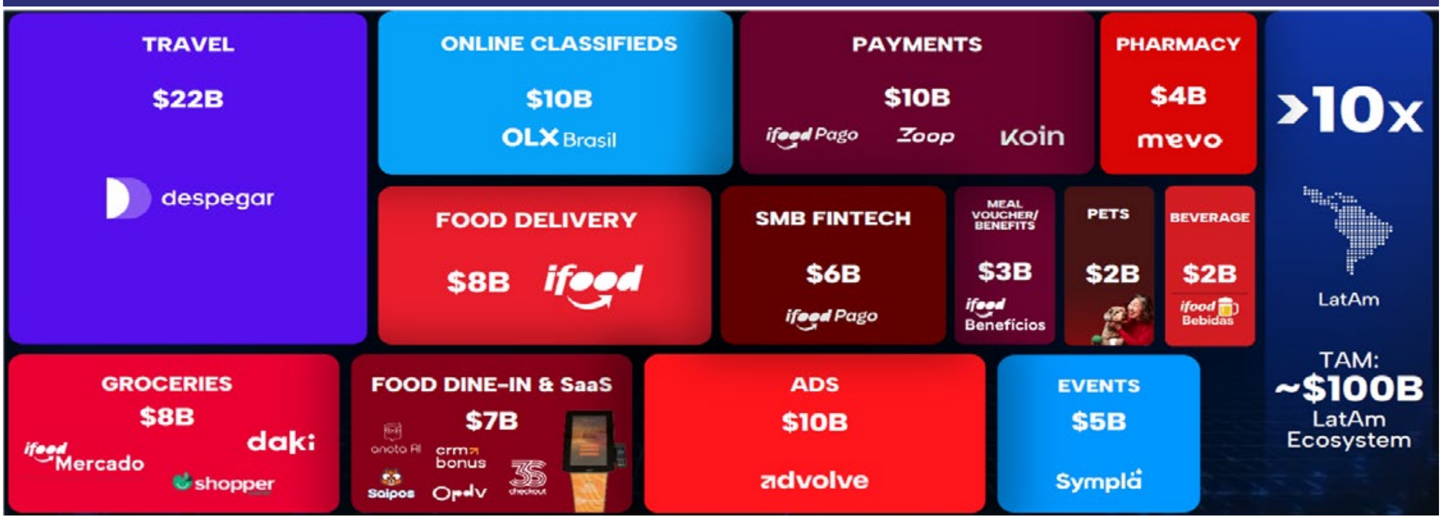
To illustrate the cross-selling potential, let’s examine Latin America (LATAM) where Prosus owns the largest food delivery company, iFood. The below infographic illustrates that despite the food delivery’s total addressable market (TAM) being just $8 billion, the travel sector TAM is $22 billion and the entire ecosystem is $100 billion.

TENCENT’S HEADQUARTERS

Tencent has become China’s most valuable technology company and has, itself, diversified into AI, Cloud Computing and a wide range other tech sectors.

Whilst competition amongst food delivery firms is intense, with rivals subsidising up to $8 per delivery, this is not sustainable. Prosus has deep pockets thanks to its Tencent sales to invest full steam ahead of rivals. iFood’s 70–80% share of Brazilian food delivery gives Prosus a low-cost channel into that $100 billion opportunity. Cross-selling into Prosus’ travel business, Despegar, has lifted the share of its Brazilian bookings from the LatAm ecosystem to 21% (from 2%) while cutting its cost per order. The same playbook now extends into fintech (iFood Pago, c25% of iFood revenue and profitable). That is important evidence that this is a repeatable model, not a once-off. Management anticipates that its ecosystem-adjusted EBITDA will face temporary weakness in FY27, but the investment returns will begin to flow materially from FY2028. These are early days but PayU (+11% Revenue in FY2026) in India and the recent acquisition of Just Eat Takeaway (JET) in Europe, will drive the other international expansion opportunities.
In conclusion, Prosus has de-rated significantly, but the company offers a compelling investment opportunity as it further diversifies away from being a passive holding company into a profitable operator of AI-driven lifestyle ecosystems across Latin America, India, and Europe. The company has increased free cash flow by $2 billion in the last two years - from minus $0.5 billion, to plus $1.5 billion, supporting both growth investments and buybacks. Furthermore, the company is trading at a significant 38% discount to NAV with a forward P/E ratio of approximately 8.8x, significantly cheaper than the global technology sector and global consumer marketplace peers. For the patient investor willing to play the long game, I see this as an attractive entry point for Prosus.

LATAM TOTAL ADDRESSABLE MARKET



Latin America offers a total addressable market of c$100 billion providing an exciting opportunity for Prosus to extract maximum value from iFood customers via cross-selling into other sectors.

Our next seminar will delve into the complicated world of AI and articulate how we have positioned portfolios to benefit from this fast-moving technology."

Topic:	Positioning your portfolio for AI
Natal Midlands	
Date:	10th of September, 2026
Venue:	Christ Church Howick, 23 Mare Street, Howick
Morning Time:	10am for 10.30am
Evening Time:	5.30pm for 6pm

Johannesburg	
Date:	8th of September, 2026
Venue:	Rosebank Union Church, Cnr Winne Mandela Drive and St Andrews Road, Hurlingham
Time:	7am for 7.30am

Cape Town	
Date:	N/A
Venue:	J&J Belmont Square, Belmont Road, Rondebosch
Time:	7.30am
Venue:	Helderberg Village Lifestyle Estate, 63 Bakkerskloof Rd, Helderberg Village, Cape Town
Time:	5.30pm for 6pm

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