

In Numbers **27%**
 The gain in Prosus's share price on its debut on the Euronext exchange in Amsterdam on Wednesday

Business The Big Read

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Bob van Dijk, CEO of Naspers and Prosus, strikes the gong at Amsterdam's stock exchange as Prosus began trading on the Euronext on Wednesday. Picture: Reuters/Piroschka van de Wouw

Going Dutch, with spice from the East

The bell tolls at last for Naspers's listing of Prosus in Amsterdam

By TJ STRYDOM
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Amsterdam boasts the world's oldest stock exchange. The Dutch claim to have invented shares, brokers, limited liability companies and most of capitalism in an elaborate financing scheme almost five centuries ago to send ships to the East for spices.

All of this happened within hearing distance of the Oude Kerk's belltower.

Its bell still rings out over the red-light district and these days also scores of kebab stands and souvenir shops selling everything from wheels of cheese to brightly coloured condoms.

That very same bell tolled on Wednesday morning when Naspers listed Prosus on the Euronext – the network of bourses Amsterdam's stock exchange now belongs to.

Prosus is a portfolio of international internet assets including e-classifieds site OLX, fintech platform PayU and food delivery businesses in Eastern Europe and countries such as India and Brazil. But most important, it also holds Naspers's 31% stake in Chinese giant Tencent – a \$32m bet in the early 2000s that is now worth more than \$130bn

(R1.9-trillion). But as the bell tolled, few people were holding their breath.

Naspers's plan to create Prosus, list it in Europe and unbundle about 25% of it to its own shareholders is long in the making. There was only one gong that mattered and that was the ceremonial one being struck by Naspers CEO Bob van Dijk at 9am sharp.

And so Prosus made its debut on trading screens, about 24% higher than the reference price set only a day earlier.

First flagged early this year and originally planned for July, but postponed due to postage problems, the listing of Prosus had been billed as the largest tech move Europe will see this year.

Van Dijk calls the listing in Amsterdam "the next wave" and says it is with European capital that Naspers and Prosus will achieve the next \$100bn in growth.

That is a bold claim. While the listing instantly makes Prosus the third-largest company on the Euronext, growth among Europe's largest groups is more of the steady than the stellar sort.

Alphabetically, on the Euronext's benchmark AEX 25 index, Prosus slots in right between Dutch consumer electronics maker Philips and global human resources group

Randstad. For size, Prosus is beaten only by oil giant Shell and consumer-goods behemoth Unilever.

Other companies on the bourse include brewer Heineken, banking group ABN Amro and steelmaker ArcelorMittal.

Though all of these names might have big plans for the future – expanding on the back of demand from large developing nations – they do all look like mature businesses. Oil, soap, beer, mortgages and steel hardly sound like products of the fourth industrial revolution.

That explains why Euronext CEO Maurice von Tilburg was highly happy to welcome Prosus to his bourse amid what he called huge demand from investors.

European funds are starved for tech and starved for growth, remarked one of the other attendees at the listing.

Prosus makes it possible for investors to take a punt on the assets in Naspers's stable, but without the risks – real or perceived – associated with SA.

The truth is, developing markets and their bourses, such as the JSE, simply do not form part of some international investors' mandates.

For many years, they have had to pass up

Naspers's stellar growth simply because it was listed in a country teetering on the brink of another credit ratings downgrade to full-blown junk status.

And Naspers's growth also created serious problems for the JSE itself. The company grew from about 5% of the benchmark Swix index to about 25% in only four years. Which, sadly, for South African institutional investors, meant they were forced to sell Naspers as it grew, because most of them are also locked into mandates that prevent them from being too exposed to a single stock.

With not enough international buyers around, the "forced selling" weighed on Naspers's share price, according to Van Dijk. This, he says, was partly responsible for the unwieldy "discount" – the difference between Naspers's own share price and the value of its stake in Tencent. Simply put, it meant that Naspers is undervalued and it is easy to see by how much as Tencent itself is listed in Hong Kong – by just taking the back of a cigarette box and a pencil most investors could see things were not adding up.

And that is why Naspers decided to spin out a quarter of Prosus, while of course retaining control of these valuable assets. Amsterdam also allows the company to keep the same murky control structure that makes Naspers almost immune to hostile takeover bids. The high-voting shares, of which chair Koos Bekker holds a bundle, will still call the shots – for both Naspers and Prosus.

So, it was no surprise to see JSE CEO Nicky Newton-King smiling and posing for

pictures with Van Dijk.

When Naspers first announced its plans to list Prosus, she called it a very elegant solution to the company's "discount problem". And the JSE is not losing much. Naspers still has its primary listing in Johannesburg and Prosus has a secondary listing on the corner of Gwen Lane and Maude Avenue in Sandton.

But the real question is whether European

investors will really pile in. Some might just see Prosus, with its cargo of some lucrative Indian and Chinese consumer-facing internet businesses, as the new ship bringing spices from the East.

Others will know that the reason the spice trade gave some investors such generous returns was because it was a risky business – nearly half the ships on the route never made it back to Amsterdam.



Koos Bekker

Sharp rise seen in commercial crimes

By NTANDO THUKWANA

Commercial crimes are on the rise, and organised business is calling for the private sector to be more accountable for corruption and fraud, and to work with the government and the police to ramp up the fight against crime.

Latest statistics from the South African Police Service show a total of 83,823 commercial crime cases were reported in the year to March this year – a 14% increase from a year earlier.

Commercial crimes include corruption, fraud, forgery, embezzlement and money laundering, as well as robberies and cash-in-transit heists.

Gauteng accounted for most of the incidents, with a 14.3% jump in reported cases. The province's most dangerous commercial crime site was Midrand, with a rise of 22%.

Other areas that reported a double-digit increase in commercial crimes were KwaZu-

lu-Natal (21%) and the Western Cape (11%). According to the SAPS report, the majority of business robberies take place between 4pm and 9pm as well as from midnight to 4am. The report adds that such business robberies are more prevalent in rural villages and townships.

Cash-in-transit heists, which declined 23% overall, were more prevalent in Gauteng, where 62 took place. They were more likely to take place on Mondays between 8am and noon.

Some 65,964 fraud cases were reported, while other fraud-related offences totalled 8,065.

Manie van Schalkwyk, executive director of Southern African Fraud Prevention Services, said identity-theft cases were doubling each year. Fraudsters who stole other people's identities usually did so to open new bank accounts and perform account takeovers, he said.

"Some of the loopholes are that con-



Identity-theft cases are doubling each year

Manie van Schalkwyk
 Executive director of Southern African Fraud Prevention Services

sumers provide their information willingly, not because they are stupid but because the fraudsters will entice them."

False documentation in employment fraud, when fraudsters generate false pay slips from companies that do not exist, was also on the rise, he said.

"People do that to get loans because obviously you provide pay slips to prove income. That increased in the first six months of this year by 55% compared to last year."

Lobby group Business Against Crime SA said it was in the process of revising its strategy to focus on programmes and initiatives aimed at the reduction of commercial crimes.

"It is clear from all the scandals arising out of the commissions and elsewhere in the past year that business needs to do a lot of work to get its own house in order to prevent the rampant corruption and fraud that we have, and continue to hear about, from occurring in future," it said.

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