

# Responding to Covid-19

The Covid-19 pandemic has created unprecedented challenges and uncertainties for everyone around the world. The health and wellbeing of our people, their families and the communities we serve is our priority during this difficult time. In our response to the evolving situation we have ensured that we safeguard our people, maintain our ability to serve our customers, and protect our businesses for the long term.

## Together, we are:

- focusing on the health of our employees and communities
- working hard to safeguard customers, partners and businesses, and
- leveraging our strong financial position to navigate uncertain times.

## Supporting communities

Globally and at a local level we have been endeavouring to support the communities we live and work in so that together we can tackle the challenges of the pandemic and emerge stronger in the long term.

### Spotlight on South Africa

In April 2020 we donated R1.5bn in emergency aid to the government's response to the Covid-19 crisis. This comprised R500m to the Solidarity Response Fund announced by President Cyril Ramaphosa, and R1bn of personal protective equipment and other medical supplies, which we sourced in China, in partnership with the Chinese government and Tencent, to support South Africa's health workers.

This included the logistics to fly the equipment to South Africa and, in conjunction with the South African government, the distribution to medical facilities across the country.

### Spotlight on India

In April 2020, Prosus, the global consumer internet group of Naspers, donated 1 billion rupees to the Indian Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) created by Prime Minister Narendra Modi. Donations are used to alleviate directly the suffering of those affected by the Covid-19 crisis and to aid the emergency response.

Prosus is also working closely with the companies it partners with to support measures designed to help Indians affected by the situation. These companies have created a variety of innovative initiatives to benefit their customers and communities.

**"This gesture by Prosus will have a positive impact on many lives. It will sharpen our fight against Covid-19."**

Tweet by Indian Prime Minister Modi

Swiggy, for example, launched a campaign to donate meals to persons in need in India. The public were also invited to donate to this campaign. The campaign donated approximately 35 000 meals per day, with a goal of distributing approximately 500 000 meals per day in the short term. BYJU'S offered its learning platform for free in India.

### Our approach

The group has a crisis response protocol to ensure that serious situations can be recognised early and addressed in a coordinated manner. We implemented the protocol globally and locally in response to Covid-19, including assessing the potential impact on our people and the businesses we operate and invest in. We assessed key business risks and put in place mitigation plans.

### What we've been doing

Our primary objective has been to prioritise the health and wellbeing of our employees. In February 2020 we restricted business travel and implemented a work-from-home policy, in many cases before it was mandated by the relevant governments. Some of our teams are required to attend their place of work, because their jobs involve providing an essential service to our customers, for example retail warehouse workers and food-delivery drivers. We implemented a variety of measures for these teams designed to safeguard both them and our customers as we deliver the products and services they need.



South African President Cyril Ramaphosa receiving shipment of personal protective equipment at Takealot.

For employees in majority or wholly owned companies, we introduced an employee assistance programme (EAP) in 36 countries. It allows our people to access trained counsellors by phone in their local language, in order to provide confidential and personal support.

### The impact so far

As the pandemic evolves, its impact on the world will inevitably change. Here we give an overview of the impact as at 25 May 2020 across key businesses.

### Classifieds (OLX Group)

Through May 2020, we were still learning the impact that Covid-19 is having on our customers and our business.

In our biggest business, Avito, user activity and revenue started to come under pressure in late March, as Russia felt the effect on its population and imposed restrictions in major cities. Other large businesses, such as Poland and Brazil, experienced significant declines in user metrics in March and April with government lockdowns of many communities,

however, we have seen user traffic, particularly buyers, increase activity on our platforms in May. In India, the key impact has come from the closure of retail car inspection centres and the countrywide lockdown implemented on 24 March. Many other markets have faced widespread car inspection centre closures, notably Indonesia, Pakistan, Chile, Colombia and Argentina.

Other impacts reported from Covid-19 include users avoiding in-person meet-ups; consumers postponing large purchases, such as cars and property; professional sellers demonstrating a reduced appetite to pay for listings due to lower business activity; and economic shutdowns negatively affecting recruitment activity in our jobs categories.



## Responding to Covid-19 continued



We are taking proactive action to mitigate the operational risk from the virus, including, but not limited to expanding pay-and-ship features, temporarily providing relief on fees to dealers and brokers, temporarily extending payment terms to assist key customers with cash flow, launching self-inspection and video capabilities, and overall, increasing communication to build trust with customers and clients.

We have also taken proactive short-term financial risk mitigation measures, including the halt of discretionary spending such as marketing, consulting and events, renegotiating rates and payment terms with service providers and restricting hiring to essential positions only. All travel has also been suspended to protect our employees.

As the situation unfolds, the longer-term implications on our business will become more clear.

We believe the coming year will be impacted, however, we have seen the early signs of recovery in our key markets and have identified areas of

opportunity to expand our product offerings to help our customers. We will continue to assess Covid-19 impacts on our outlook and will respond accordingly to protect our employees, our customers and our businesses.

### Food Delivery

The effects of the Covid-19 virus on the food-delivery industry vary significantly by country, largely due to differences in governments' responses to the crisis. In Brazil, where food-delivery companies are deemed essential services, iFood exceeded its order target in March. In India, Swiggy struggled under a 21-day national lockdown. Although Swiggy had permission to do business at the national level, some municipalities enforced harsher restrictions at the local level and the general disruption to society created challenges for both supply, for example labour shortages as migrant workers return to their home villages, and demand, for example high-income consumers substituting in-home meals for delivery meals.

Based on publicly available information, Delivery Hero's business appears to be growing in line with historical trends across most markets. The one notable exception is the Middle East and North Africa region where government-imposed curfews depressed dinner sales.

### Payments and Fintech

In March, we faced lockdowns across almost all PayU's countries. Segments such as travel and airlines have been severely affected, while others such as ecommerce and grocery deliveries have been very resilient, if not growing, due to consumers shifting their spend online. In aggregate, the business appears resilient.

### Ventures

The edtech businesses in Ventures have been responding to the significant rise in demand for online learning that has resulted from pandemic-driven lockdowns around the world. The Ventures team has also been actively supporting earlier-stage, minority investment companies as they tackle the ongoing impact of the Covid-19 pandemic on their businesses.

### eMAG

Until the end of March, the Covid-19 crisis boosted eMAG's sales as consumer purchasing shifted from offline to online. Surges in demand in categories such as grocery, health and home exercise equipment more than offset drops in demand in fashion and other categories. eMAG has adapted quickly to the situation, introducing contactless delivery to keep employees and customers safe and changing its product mix to match consumer demand.

### Takealot

Government policies associated with South Africa's initial 21-day lockdown temporarily affected Takealot's businesses. Superbalist and Mr D were shut down completely for the duration of the initial lockdown. Takealot continued to operate but was restricted to selling 'essential' goods.

### Tencent

China's economy was deeply affected by the Covid-19 outbreak in the first quarter of 2020. According to data from the National Bureau of Statistics, retail sales fell 20.5% over January and February versus the same period in 2019, industrial output was down 13.5% and fixed asset investment fell by nearly 25%. During the stay-at-home period, consumption in online services and digital entertainment surged, while offline industries increasingly embraced digital upgrades.

Tencent has responded to the Covid-19 pandemic by establishing a RMB1.5bn emergency fund and offered relief support and, through leveraging its cloud technology expertise, is assisting pandemic-related medical research. It has worked to update the public with news on the pandemic. Also, to provide healthcare services, businesses and educational establishments with access to remote working and collaboration tools. Funding has been provided for medical supplies procurement, financial support for frontline workers, patients and their families, and contributions made to research funding for medical treatment and public health to help fight the pandemic.

In addition, Tencent has launched a US\$100m Global Anti-Pandemic Fund to support international efforts against Covid-19. The fund is focusing on the sourcing and donation of medical supplies, such as personal protective equipment (PPE) and other essential products, for hospitals and frontline healthcare workers.

Financially Tencent has shown resilience in the first quarter of 2020 with its diversified business model. Further information is available on its website [www.tencent.com](http://www.tencent.com).

### Mail.ru

Russia has taken measures to combat the outbreak by shutting borders, limiting air travel, closing schools, imposing non-working periods to contain the spread of Covid-19 and has also launched a large economic stimulus package.

Mail.ru was quick to act. Most staff members are working remotely, with fewer than 100 essential staff continuing to work in offices. All IT systems can be fully controlled remotely. To protect employees who do have to work in the office, the group is disinfecting all buildings on an hourly basis and is reimbursing taxi fares for the commute to and from the office.

### Media

Media24 continued to keep the public informed while taking the necessary measures to keep employees safe and healthy. The company implemented its business continuity plans and was able to serve record digital audiences and produce newspapers and magazines with almost all office-bound staff working from home. Additional safety measures were implemented for our journalists working in the field, as well as for logistics and warehousing staff responsible for servicing the distribution of our printed publications and processing ecommerce fulfilment orders for clients as allowed under regulations.

Print circulation and advertising revenues dropped significantly. Digital media audiences, on the other hand, increased sharply against the prior year and digital advertising also held its own.