

# Tencent pushes Naspers to R1,000 share

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Naspers' shares are getting close to the R1,000 share price barrier even though the shares declined by 3.92% on Wednesday, dropping back to R919. Naspers is way ahead of the JSE's second-highest priced share, British American Tobacco at R522.58.



Despite being the highest priced share on the JSE, analysts are still bullish on the growth prospects of the multimedia group and expect the counter to continue testing new highs.

Earlier this week, the stock approached the R1,000 mark following gains in associate Asian Internet company Tencent, in which it holds a 35% stake.

The Chinese company's market value surpassed US\$100bn on Wednesday, 18 September, making it one of only six listed US\$1bn companies on the Hong Kong's Hang Seng index.

One of the few other firms to have traded beyond the R1,000 mark on the JSE is mining group Anglo American Platinum.

## Naspers gets its Tencent worth

Tencent, which is China's largest internet firm, makes up more than 80% of Naspers' market capitalisation which stood at R383.66bn at the close of trade, making it the fifth-biggest company listed on the JSE.

Naspers' stake in Tencent will become even more valuable as the company is one of three dominant internet groups in China, which is one of the most promising countries in the world for mobile web businesses.

Prospects are set to rise when the majority of Chinese mobile users upgrade to smartphones.

According to a research note from Barclays Africa Group (formerly known as Absa Capital) Tencent's monetisation of mobile internet via mobile games, advertising, payment and commerce is set to drive further performance for Naspers.

"We believe that Tencent is well positioned to capture the emerging opportunities for internet growth in the next few years, leveraging its integrated mobile user platform on WeChat," the bank said.

WeChat is a mobile application similar to Whatsapp that can be used on Android devices.

But investors say that much of the firm's growth is aligned to its South African operations and its strong e-commerce business in other emerging markets.

Currency movements will affect the valuation for Naspers given that such a large part of its valuation is tied to Tencent.

"If we see risks of the rand weakening against the Hong Kong dollar, this would be good for Naspers' valuation. Similarly rand strength would be negative for the company," Avior Research analyst Richard Tessendorf said.

In the past 12 months, the rand has lost more than 16% against the Hong Kong dollar.

Another potential threat to Naspers's valuation will be if the Chinese government approves social media network Facebook's entry into the country.

Last month, Mail.ru, a leading internet company in Russia in which Naspers owns a 29% stake, sold its remaining shares in Facebook.

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