



# **NASPERS – DST Transaction Overview**

## **Deal Overview**

July 2010

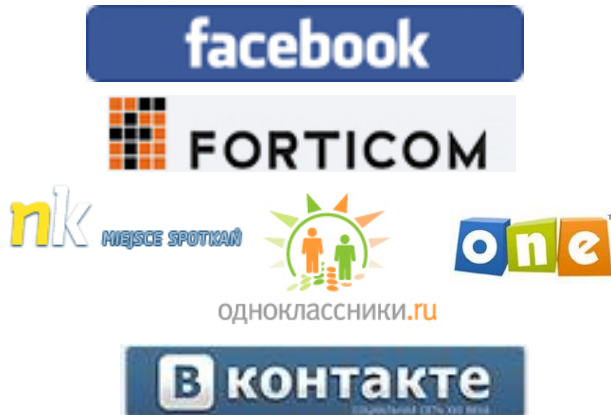
Lasanoz Finance



- On 14 July 2010, Naspers announced the acquisition of a 28.7% stake in DST for a cash contribution of USD 388m and an in-kind contribution of a 39.3% stake in mail.ru
- Following the transaction, press and analysts reports suggested that the deal valued DST at approx. USD 3bn
- In connection with this transaction, LF acted as a main financial advisor to Naspers/MIH, alongside Citi
- LF's scope of work included, in particular, the following:
  - Comprehensive M&A services and project management related to DST's Russia and CEE-based social network assets, i.e. Forticom (Odnoklassniki, NK.pl, One) and Vkontakte;
  - Commercial due diligence on the above-mentioned assets;
  - Building of a multi-country SNS valuation model for Forticom's and Vkontakte's assets;
  - Preparing a Fairness Opinion on Forticom and Vkontakte and assisting the Client in presenting the opportunity to internal decision-making organs
- In our opinion, this transaction confirms that DST and Naspers will remain among the strongest players in the Internet sector for years to come

### DST Portfolio Companies

#### Social Networks



#### Portals and IM



#### Other Internet Properties



- As reported by the press, news agencies and analysts, the deal implies a DST valuation of approx. USD 3bn (based on the Tencent investment in DST earlier this year\*)

#### *Naspers and DST Press Release Extract (14 July 2010):*

*Naspers Limited ("Naspers"), the broad based international media group, and Digital Sky Technologies Limited ("DST"), one of the largest internet companies in the Russian-speaking markets, announces today that Naspers's subsidiary Myriad International Holdings B.V. ("MIH") will take a **28,7% stake in DST. The transaction will be effected by Naspers contributing its 39,3% stake in Mail.ru into DST and investing US\$388m in cash.** Concurrently, Mail.ru management and other minorities will also convert their shares into DST.*

***Upon the close of this transaction, DST will own over 99,9% of Mail.ru.** Mail.ru is the leading communication and entertainment platform in the Russian-speaking internet world, with over 50m registered email accounts, leading market share in MMO games and one of the leading social networks in Russia.*

*Naspers and DST have worked closely together over the past three years as co-owners of Mail.ru and today's transaction will enable them to further strengthen that relationship.*

*Chief Executive Officer of DST, Yuri Milner, said, "Naspers's strategic insight has already proven to be valuable in our partnership and we welcome the expertise they will bring to DST. We are delighted to announce this transaction and look forward to creating further value through our relationship."*

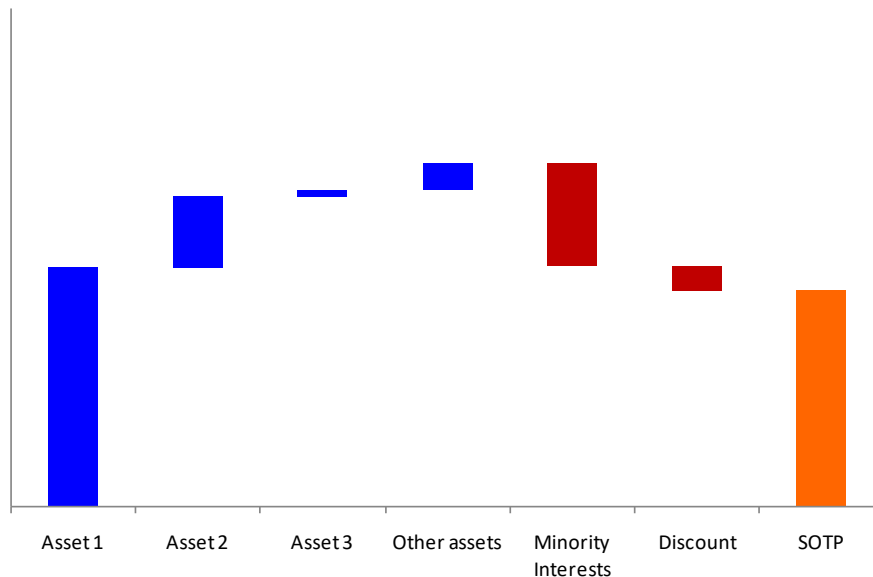
*Antonie Roux, head of Naspers's internet operations, commented: "We have known DST and its management for years and we share a similar view and approach. We are excited to strengthen our partnership. This opportunity further expands our exposure to emerging markets and the fast-growing internet sector."*

*\*on 12th April 2010, Tencent acquired a 10.26% stake in DST in exchange for a USD 300m investment, implying a valuation of DST at approx. USD 3bn*

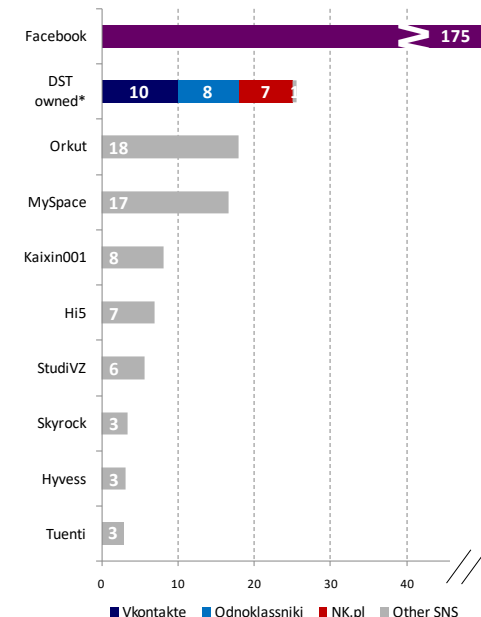


- Lasanoz Finance acted as Naspers/MIH's key financial advisor, alongside Citi, in connection with this international transaction
- In particular, we performed a full commercial due diligence and comprehensive valuation exercise (including a complex multi-country and multi-asset financial model), on the following six companies:
  - Forticom, Vkontakte and Odnoklassniki in Russia/CEE;
  - NK.pl in Poland
  - One.lt and One.lv in Lithuania and Latvia, respectively
- The analysed assets are the key Internet and SNS properties in Russia and the CEE region, totaling over 25m daily active users
- Projections for all of the assets listed above were modeled bottom-up with revenues broken down between advertising and user fees

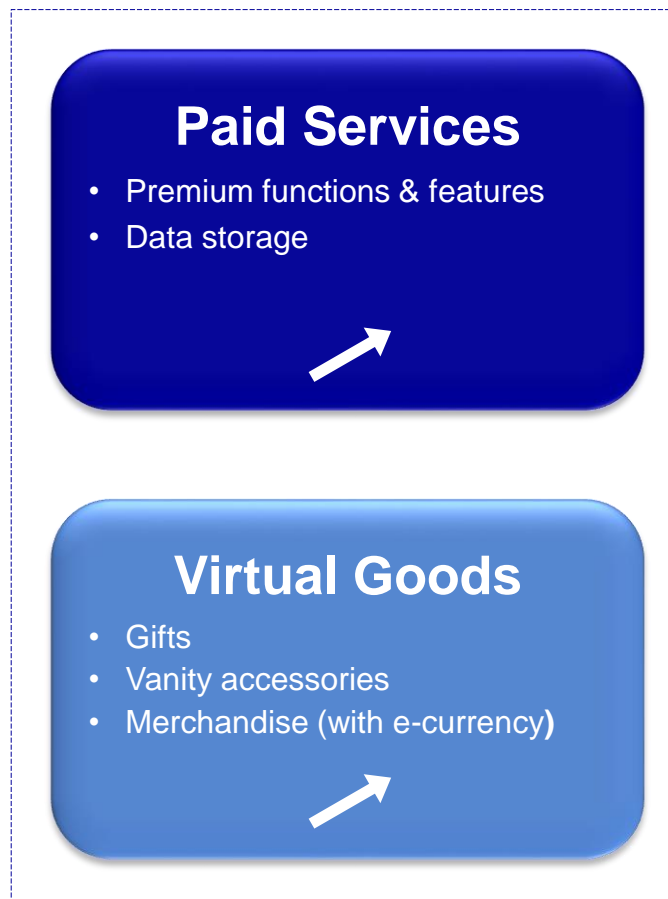
### Indicative DCF SOTP Valuation of Select SNS Assets



### Top World SNS by Daily Users (2009)



- Lasanoz Finance prepared a comprehensive, 40-page analysis of how social networks in various markets around the world are monetising their user base
- Our analysis was based on proprietary market research, interviews with executives of Internet companies operating in various countries, and relevant third-party equity analyst reports
- We prepared case studies on social networks in the US, Spain, Netherlands, and Brazil and identified specific implications for the valuation and commercial assessment of DST's social networking assets



Revenues from these channels are currently collected mostly through premium SMS, with up to 50% revenue share with the network operators. In addition to top-line growth, there is strong potential for growth in net revenues for operators of social networks as their payment processing models shift to lower-cost platforms.

*Arrows indicate relative trend*

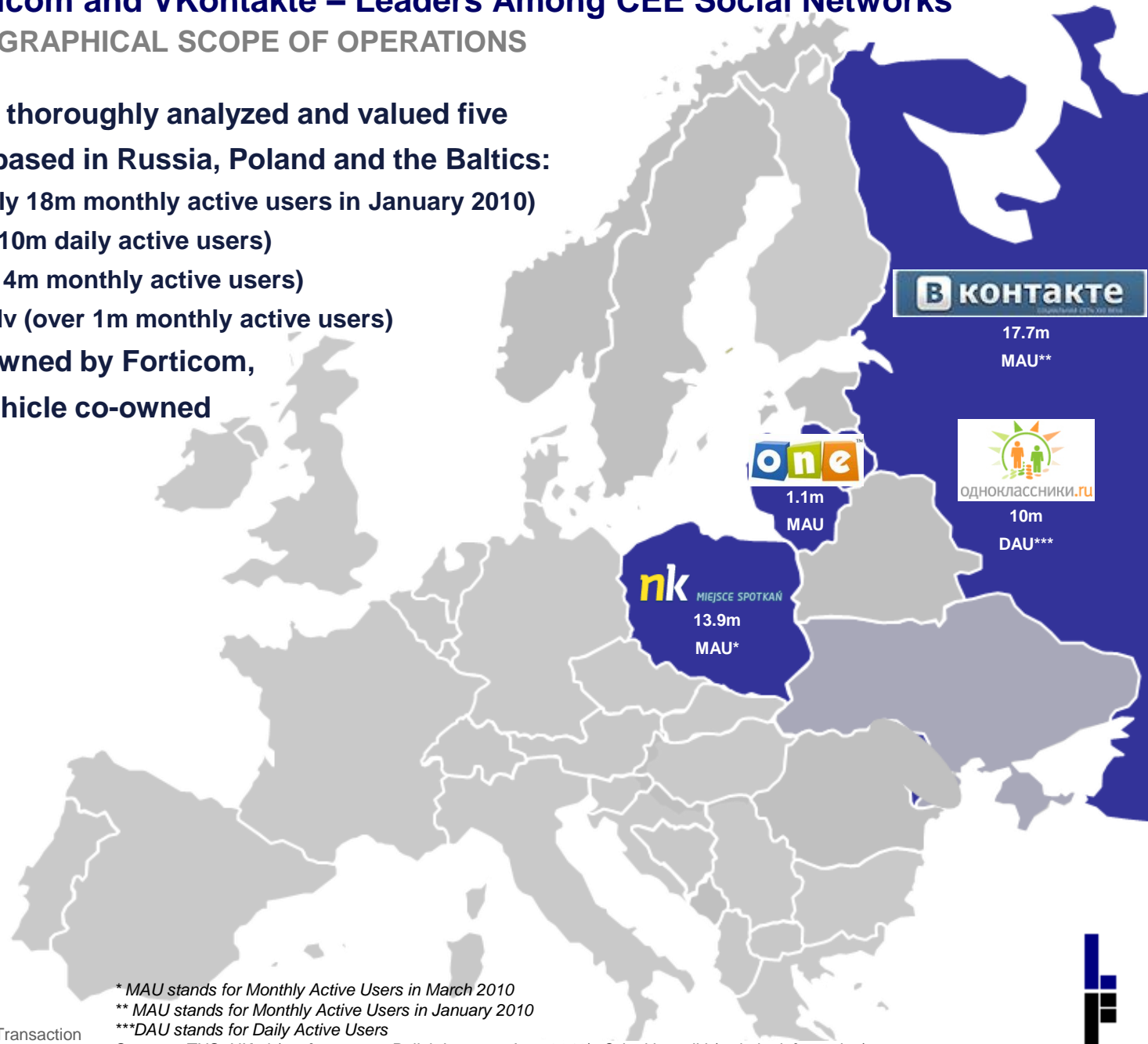




## Forticom and VKontakte – Leaders Among CEE Social Networks

### GEOGRAPHICAL SCOPE OF OPERATIONS

- Lasanoz Finance thoroughly analyzed and valued five social networks based in Russia, Poland and the Baltics:
  - Vkontakte (nearly 18m monthly active users in January 2010)
  - Odnoklassniki (10m daily active users)
  - NK.pl (approx. 14m monthly active users)
  - One.lt and One.lv (over 1m monthly active users)
- The latter 4 are owned by Forticom, an investment vehicle co-owned by DST



\* MAU stands for Monthly Active Users in March 2010

\*\* MAU stands for Monthly Active Users in January 2010

\*\*\*DAU stands for Daily Active Users

Sources: TNS, NK.pl (conference on Polish Internet, June 2010), Odnoklassniki (website information)



- Alex Neuber, Lasanoz Finance's Managing Partner, and Matt van Wollen, Associate Partner, managed the transaction on LF's behalf and were assisted by a strong team of experienced TMT analysts

