

# LETSHEGO HOLDINGS (NAMIBIA) LIMITED

## FULL YEAR 2017 CONDENSED CONSOLIDATED FINANCIAL RESULTS



The Board of Directors of Letshego Holdings (Namibia) Limited ("the Group") is pleased to present an extract of the reviewed consolidated results for the year ended 31 December 2017.

### HIGHLIGHTS



## CONTINUED PROGRESS ON DELIVERY OF THE STRATEGIC AGENDA

The 2017 financial year was characterised by a challenging operating environment which saw a decline in economic activity across several sectors. Notwithstanding, the Group has achieved a number of key milestones in its transformation agenda towards creating Africa's leading inclusive finance group and continues to invest in its technology delivery platforms.

### FINANCIAL HIGHLIGHTS

- Total revenue increased by 14%, underpinned by growth in Advances to Customers of 14%.
- Cost to income ratio increased to 24% from 23% in 2016 on account of initiatives associated with the banking implementation.
- The Group saw an impairment charge release of NAD9.5m, owing to the high collection and recovery rates which improved the quality of the advances book.
- Profit before tax was NAD385m, which is a 20% increase from 2016.
- Non-performing loans decreased from 4.4% to 3.9%.
- Return on equity was 23% (2016: 22%) and Return on assets was 15% (2016: 14%).
- Earnings per share of 77 cents (2016: 66 cents) were achieved, an increase of 17%.

### Non Financial highlights:

- Number of Access Points: 16 (2016: 16)
- N\$ 833M loans disbursed (2016: N\$ 761M)
- Number of employees: 98 (2016: 88)

### KEY HIGHLIGHTS OF PROGRESS WITH DELIVERY OF THE STRATEGIC AGENDA DURING THE YEAR INCLUDE:

**Embrace financial inclusion:** We believe that driving an inclusive finance agenda is the catalyst to achieving broad based economic development and poverty eradication and therefore financial inclusion forms an integral part of our strategy. We launched our LetsGo value proposition to our Windhoek based customers, made significant strides towards our channel implementation and invested in financial literacy initiatives to our key stakeholders.

**Grow the franchise:** During September 2017, LHN listed on the Namibian Stock Exchange. We adopted a first-of-its-kind approach to launching a financially inclusive Initial Public Offer (IPO) in the country, by offering shares to ordinary Namibians. The expansion of our agency network and diversification into informal segments have continued to support growth in our micro-loans business.

**Enhance customer experience:** We have launched our refreshed brand throughout our 16 access points, nationwide. Our continued investments in skills development and systems has strengthened our operational platforms and channels available to our customers. We endeavour to deliver an exceptional level of customer experience through identifying opportunities to grow our market share and enhancement of our existing solutions through our LetsGo, all in one, financial solution.

**Embed the future capability model:** We are cognisant that disruptive digital technologies threatens conventional approaches to accessing financial solutions and have therefore positioned our capabilities to align to changing trends in the market. A standardised governance and compliance framework have been implemented.

### BOARD

During the year under review, Ms Maryvonne Palanduz and Ms Rosalia Martins-Hausiku were appointed as new independent Non-Executive

Directors. Post these appointments the Board comprises of seven Directors - four independent non-executive Directors, two non-executive Directors and one executive Director. The Board Chairman, Eugene Shepherd, has indicated his intention to step down later this year following the successful listing of Letshego on the Namibia Stock Exchange. A search for his replacement has commenced.

### GROUP STRUCTURE

Post year end, the majority shareholder, Letshego Holdings Limited, shareholding changed to Letshego Mauritius, following obtaining all regulatory approvals.

### PROSPECTS

Through investment in people and technology, while leveraging on strategic relationships, Letshego continues to drive its inclusive finance strategy. Although the economic climate has been depressed, current indications point to modest economic growth for 2018 on the back of mining and agriculture recovery. The Board is confident that the Group is well positioned to contribute towards improving the lives of communities while creating value for its stakeholders.

### REVIEWED RESULTS - AUDITOR'S REVIEW CONCLUSION

The condensed consolidated financial statements for the year ended 31 December 2017 have been reviewed by PricewaterhouseCoopers, who expressed an unmodified review conclusion thereon. The review was conducted in accordance with ISRE 2410 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. A copy of the auditor's review report is available for inspection at the company's registered office together with the condensed consolidated financial statements referred to in the auditor's review report.

### BASIS OF PRESENTATION

The reviewed condensed consolidated financial statements of Letshego Holdings (Namibia) Ltd for the year ended 31 December 2017 have been prepared in accordance with International Accounting Standards (IAS) 34: 'Interim Financial Reporting' and the requirements of the Companies Act of Namibia. This results announcement is the responsibility of the directors and is extracted from the reviewed condensed consolidated financial statements, but is not itself reviewed or audited. The group's principal accounting policies comply with IFRS and have been applied consistently in all material aspects with the previous financial years.

### DIVIDEND NOTICE

Notice is hereby given that the Board has declared a final dividend (maiden dividend) of 19.2 cents per share for the year ended 31 December 2017.

- Dividend declaration date, 28 February 2018
- Last date to trade cum dividend, 06 April 2018
- Last date to trade ex dividend, 09 April 2018
- Last date to register, 13 April 2018
- Dividend payment date on or about, 30 April 2018

For and on behalf of the Board of Directors:

**J E Shepherd** Chairman  
**E Kali** Chief Executive Officer

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Change %	At 31 Dec 2017 (Reviewed) NAD'000	At 31 Dec 2016 (Audited) NAD'000
<b>ASSETS</b>		
	323,676	159,626
	125,875	68,163
14	2,424,222	2,118,679
	11,104	10,501
	-	6,622
	15,087	-
	<b>2,899,964</b>	<b>2,363,591</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
	90,205	-
	43,446	42,446
	3,453	-
	-	2,022
	63,556	-
	907,139	799,420
	<b>1,107,799</b>	<b>843,888</b>
<b>Shareholders' equity</b>		
	100	100
	-	-
	873,985	602,062
	701,024	701,024
	1,971	1,432
	<b>1,577,080</b>	<b>1,304,618</b>
	215,085	215,085
	<b>1,792,165</b>	<b>1,519,703</b>
	<b>2,899,964</b>	<b>2,363,591</b>

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

Change %	Year ended 31 Dec 2017 (Reviewed) NAD'000	Year ended 31 Dec 2016 (Audited) NAD'000
	563,375	450,026
25	9,553	(22,083)
	<b>572,928</b>	<b>427,942</b>
	12,376	3,465
	(114,038)	(99,943)
	<b>471,266</b>	<b>331,464</b>
42	2,229	1,943
	206,606	230,269
	(37,858)	(26,638)
	(124,827)	(107,485)
	<b>517,416</b>	<b>429,554</b>
20	(132,159)	(99,602)
	<b>385,256</b>	<b>329,952</b>
17	-	-
	<b>385,256</b>	<b>329,952</b>

Other comprehensive income, net of tax

Weighted average number of shares in issue during the period (millions) 500 500\*

Basic earnings per share (cents) 77.1 66.0

\* The actual number of ordinary shares in issue was 100,000,000 prior to the share split of 500 ordinary shares for every one ordinary share during 2017.

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

Stated capital NAD'000	Shared based payments reserve NAD'000	Retained earnings NAD'000	Capital reorganisation reserve NAD'000	Ordinary shareholders reserve NAD'000	Non-controlling interest NAD'000	Total equity NAD'000
100	1,432	602,062	701,024	1,304,618	215,085	1,519,703
-	-	385,256	-	385,256	-	385,256
-	-	(113,333)	-	(113,333)	-	(113,333)
-	539	-	-	539	-	539
100	1,971	873,985	701,024	1,577,080	215,085	1,792,165

Stated capital NAD'000	Shared based payments reserve NAD'000	Retained earnings NAD'000	Capital reorganisation reserve NAD'000	Ordinary shareholders reserve NAD'000	Non-controlling interest NAD'000	Total equity NAD'000
-	463	272,071	701,124	973,659	215,085	1,188,743
-	-	38	-	38	-	38
-	-	329,952	-	329,952	-	329,952
-	-	-	-	-	-	-
100	-	-	(100)	-	-	-
-	969	-	-	969	-	969
100	1,432	602,062	701,024	1,304,618	215,085	1,519,703

\* Relates to correction of prior period balance

### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	Year ended 31 Dec 2017 (Reviewed) NAD'000	Year ended 31 Dec 2016 (Audited) NAD'000
<b>Cash flows from operating activities</b>		
Operating profit before activities	517,416	429,554
Interest paid	114,038	99,943
<b>Adjusting items of a non-cash nature:</b>		
Depreciation	3,870	4,617
Impairment allowance on advances	(9,214)	21,603
Equity settled share based payment transactions	539	969
Movement in working capital and other changes	(262,836)	(218,191)
Tax paid	(139,193)	(103,360)
<b>Net cash generated from operating activities</b>	<b>224,619</b>	<b>235,135</b>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(4,472)	(2,948)
<b>Net cash used in investing activities</b>	<b>(4,472)</b>	<b>(2,948)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(113,333)	-
Net receipts / (payments) on borrowings	57,237	(124,752)
<b>Net cash used in financing activities</b>	<b>56,096</b>	<b>(124,752)</b>
Net movement in cash and cash equivalents	164,050	107,435
Cash and cash equivalents at the beginning of the year	159,626	52,191
<b>Cash and cash equivalents at the end of the year</b>	<b>323,676</b>	<b>159,626</b>

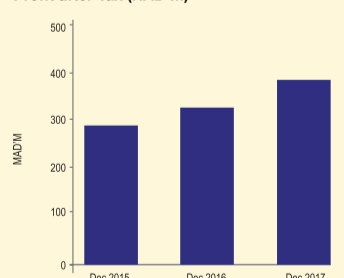
### CAPITAL ADEQUACY

	31 Dec 2017	31 Dec 2016
Consolidated group capital adequacy		
Tier 1	68.6%	71.4%
Tier 2	0.2%	0.4%
Total	68.8%	71.8%
Tier 1 leverage ratio	61.5%	63.7%

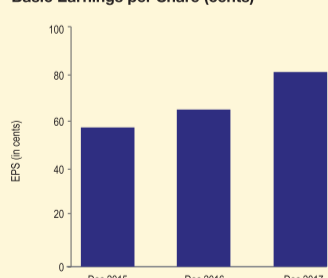
### RATIOS

	31 Dec 2017 (Reviewed)	31 Dec 2016 (Audited)
Return on average assets (%)	15%	14%
Return on average equity (%)	23%	22%
Cost to income (%)	24%	23%
Debt to equity (%)	54%	53%

### Profit after Tax (NAD'M)

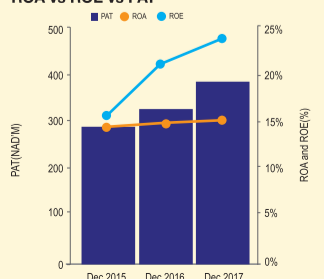


### Basic Earnings per Share (cents)



\*\*11 month period following the change in year end.

### ROA vs ROE vs PAT



### Net Advances (NAD'M)

