

Letshego Group

FY 2018 Results Presentation

5 March 2019



Financial highlights

	FY 18	FY 17	% Change
Interest Income (BWP bn)	2.7	2.3	21
Impairment Provision (BWPmn)	361	237	52
Profit After Tax (BWPmn)	510	681	25
Cost to Income Ratio	42%	40%	-
Return on Equity	12.2%	16.7%	-
Total Assets	10.6	9.0	19
Capital Adequacy Ratio	35.0	44.0%	-
Earnings Per Share (thebe)	20.7	29.8	31



Key points:

- Loan loss ratio: 4.1% (2017; 3.1%)
- Effective tax rate: 50% (2017; 32%)
- RoE (Normalised): 13.6%

Operational highlights

Leading provider of payroll deduction lending solutions in the salaried formal sector in sub Saharan Africa

11 countries

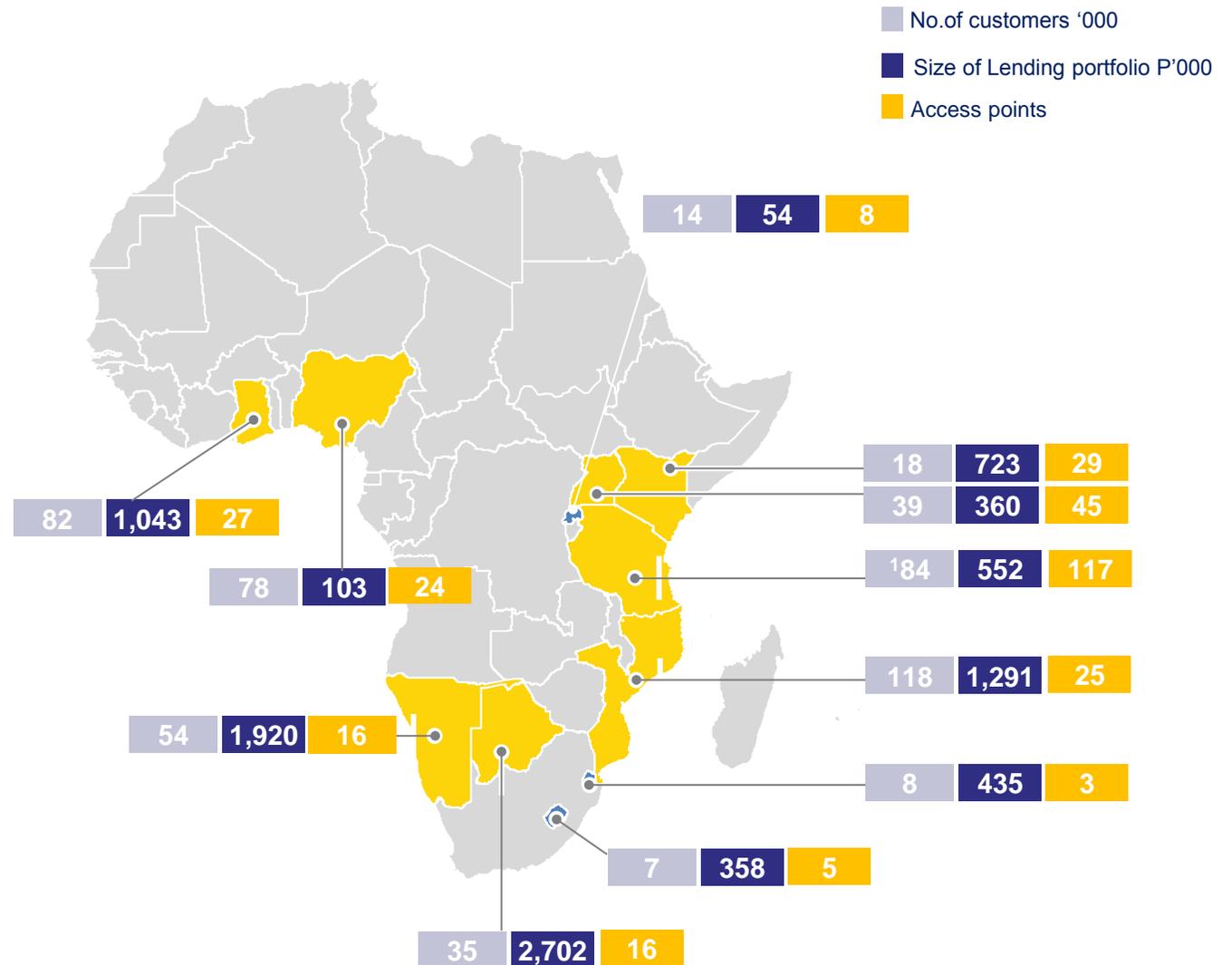
1,882 employees

315 customer access points

364k borrowers

173k savers

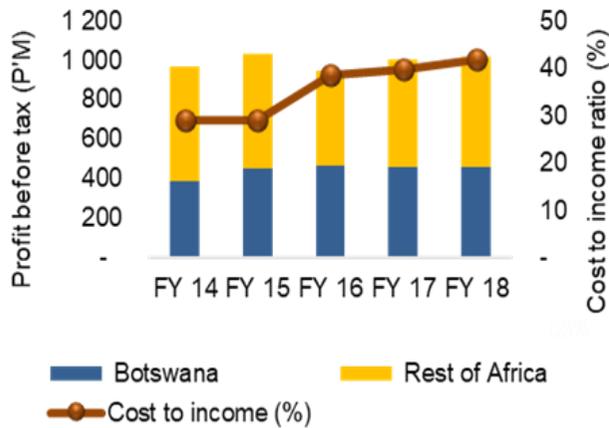
Newly formed Group ExCo



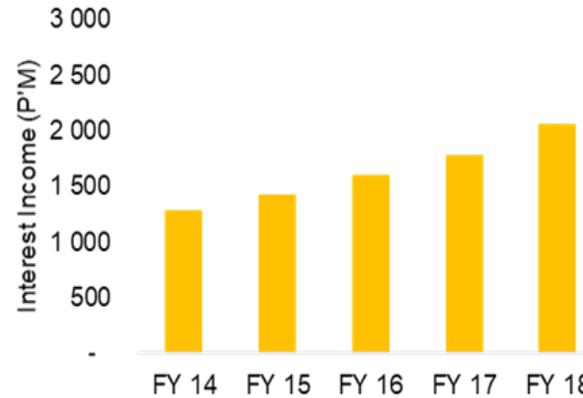
1 Tanzania includes LBT and Faidika

Key indicators:

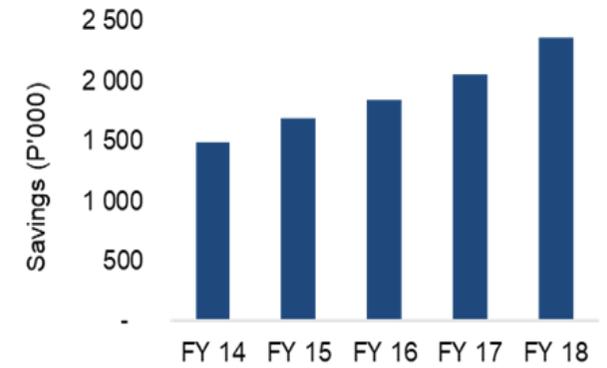
Geographic Diversification and PBT to Cost to Income ratio



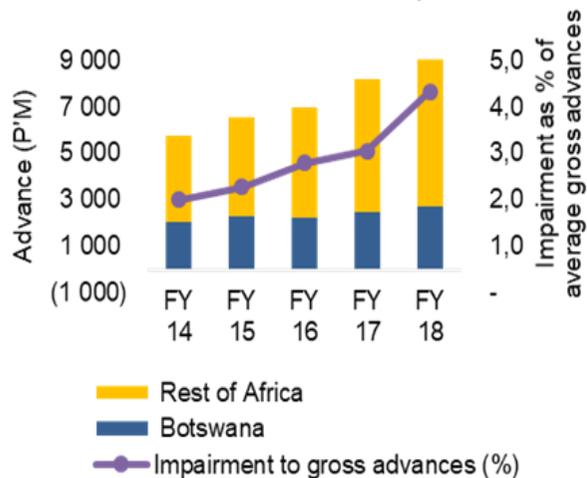
Net interest income



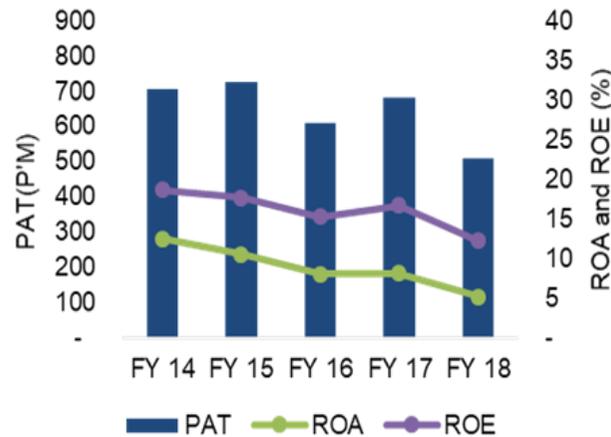
Operating Income



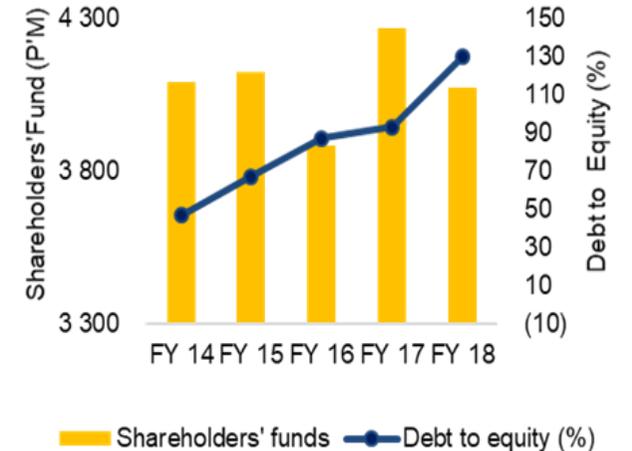
Gross Advances and Impairment



ROA vs ROE vs PAT

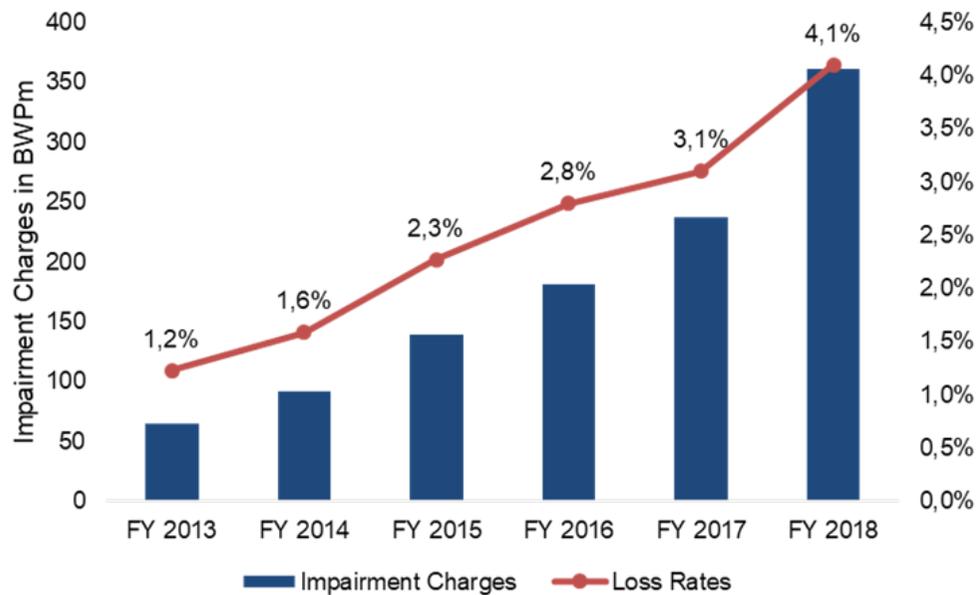


Shareholders' Fund: Debt to Equity

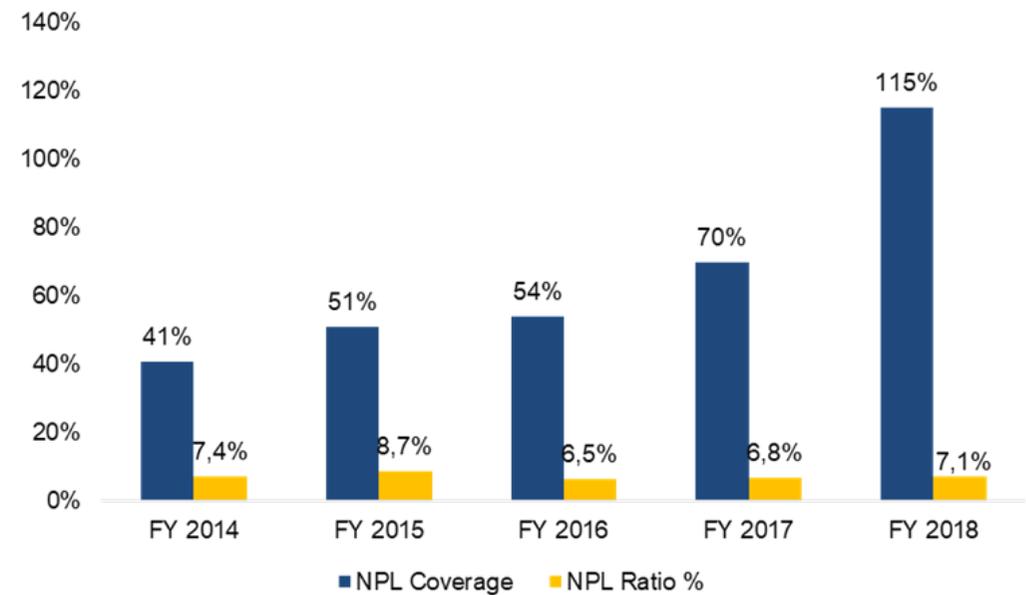


Portfolio quality:

Impairment Charges & Loss Rates



NPL Provision Adequacy



Capital management:

Funding

- Drew down P634mn **MIV/ DFI** funding

Share Buy Backs

- No share buyback has been exercised in this period

Credit Rating

- **Ba3 (stable) outlook** affirmed by Moody's Investor Services

Financial Covenants

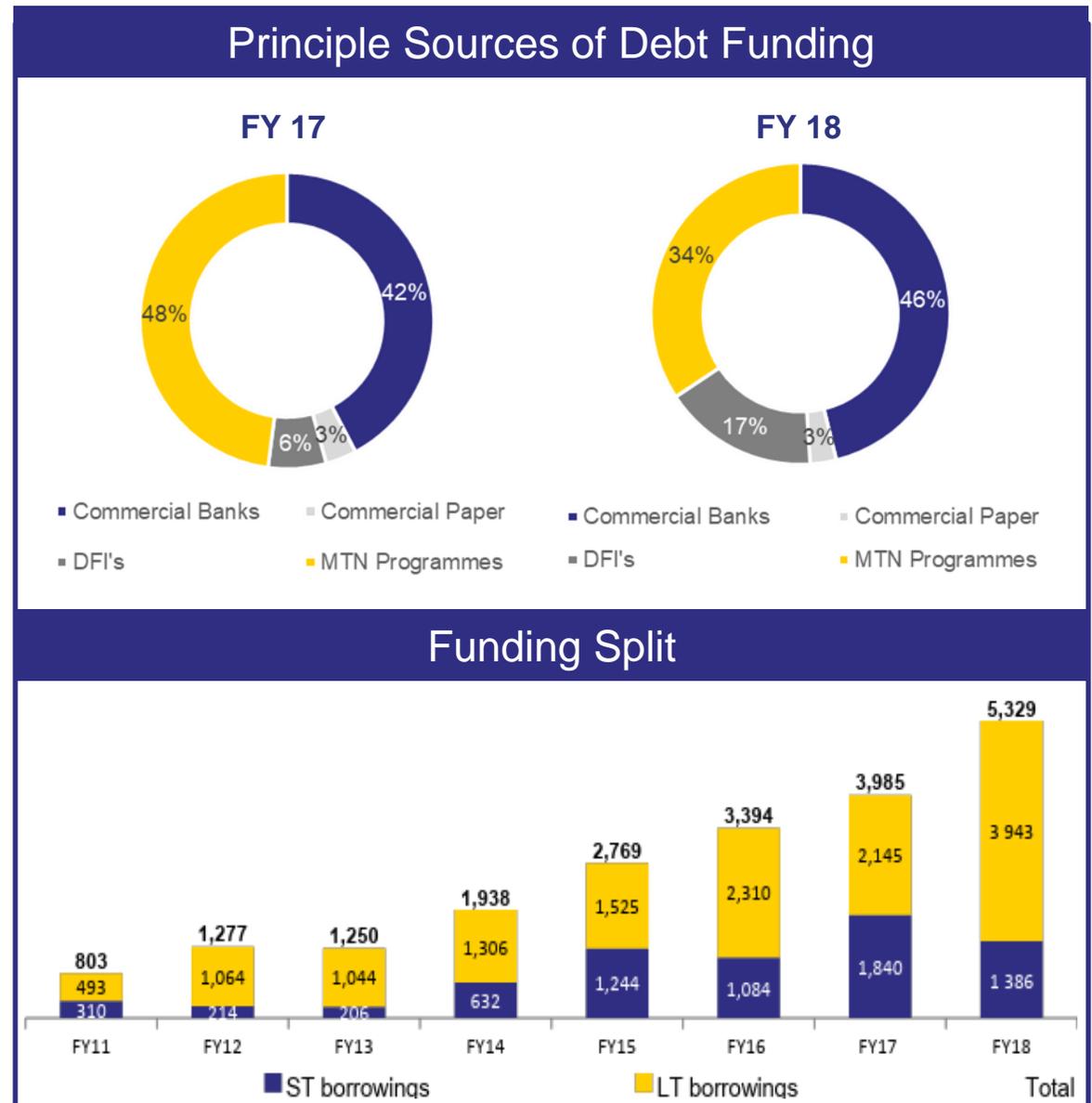
- Secured property ratio is < 67%

Capital Adequacy

- CAR 2018 (35%), 2017 (44%)

Dividends

- Dividend pay out ratio unchanged at 50% of PAT



DAS continues to deliver strong top line performance

	FY' 18	FY' 17
Operating Income (BWPmn)	2,017	1,809
PBT (BWPmn)	967	1,018
Advances (BWPmn)	8,238	7,279
Loan Yield (%)	32	33
Loan Loss Rate (%)	2.2	1.8
NPL's Provision Coverage (%)	95	65
Net disbursements to customers (BWPmn)	2,050	1,989

Key Points:

- **DAS profit constitutes 95% of total Group profit**
- Ghana and Uganda grew loan book by > 50% and 20% respectively
- Non-government contributes 13% to total loan book
- Awarded federal government deduction code in Nigeria, approximately 800K employees
- Collection rates above > 90% in most markets

Growth in MSE

	FY' 18	FY' 17
Operating Income (BWPmn)	345	246
PBT (BWPmn)	54	(15)
Advances (BWPmn)	920	892
Loan Yield (%)	37	37
Loan Loss Rate (%)	10.8	10.4
NPL's Provision Coverage (%)	128	101
Net disbursements to customers (BWPmn)	706	724

Key Points:

- Number of schools financed over 2 years across different markets - 956
- **Agri-solution grew by 66% since launch in Uganda, Kenya and Nigeria**
- Implemented Credit scoring tool for Tanzania and Nigeria
- Collaboration with First Access on Agri loan disbursements for Nigerian Incentive Based Sharing System for Agricultural Lending (NIRSAL) finalised

Lending analysis

Country	Current Gross Loan book	Deduction at Source	MSE	% of Book	Loan growth from prior period in BWP	Loan growth from prior period in local currency
	BWP mn					
Botswana	2,702	99%	1%	27%	10%	10%
Kenya	723	17%	83%	8%	31%	19%
Lesotho	358	100%	–	4%	(13%)	(7%)
Mozambique	1,291	100%	–	14%	26%	20%
Namibia	1,920	100%	–	19%	(1%)	5%
Nigeria	103	13%	87%	1%	70%	58%
Rwanda	54	0%	100%	1%	(9%)	(12%)
Swaziland	435	100%	–	5%	17%	25%
Tanzania	552	100%	–	6%	(4%)	(9%)
Uganda	360	56%	44%	4%	(6%)	(0.1%)
Ghana*	1,043	57%	1%	11%	179%	91%
	9,541	86%	10%	100%	17%	16%

*Ghana other loans to the informal sector excluded from the table above

Thank You