



# Letshego Holdings Limited

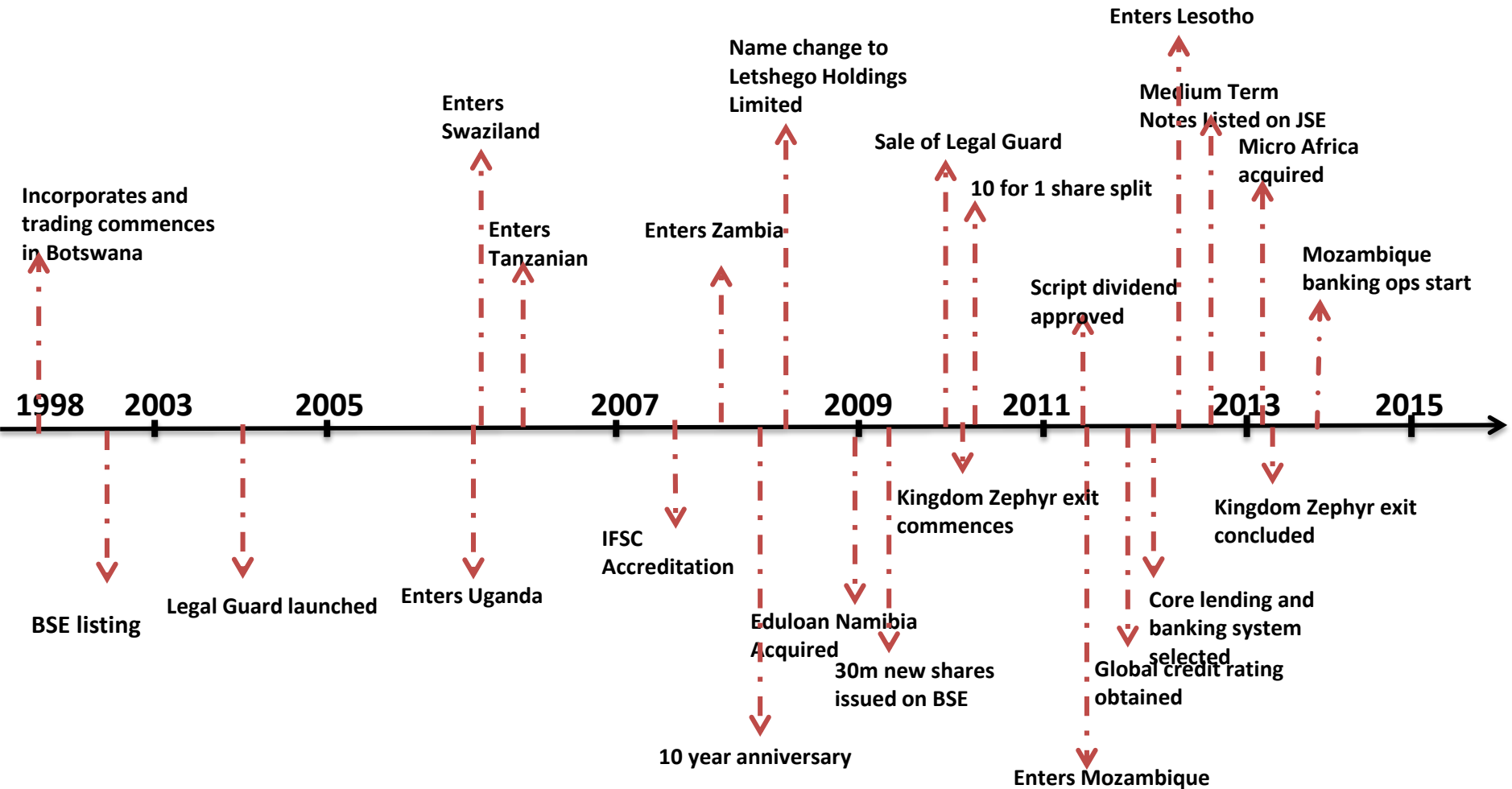
Interim Results Presentation  
Six months period to 31 July 2013

18 October 2013, GICC, Gaborone

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# Letshego Group History - Major Milestones

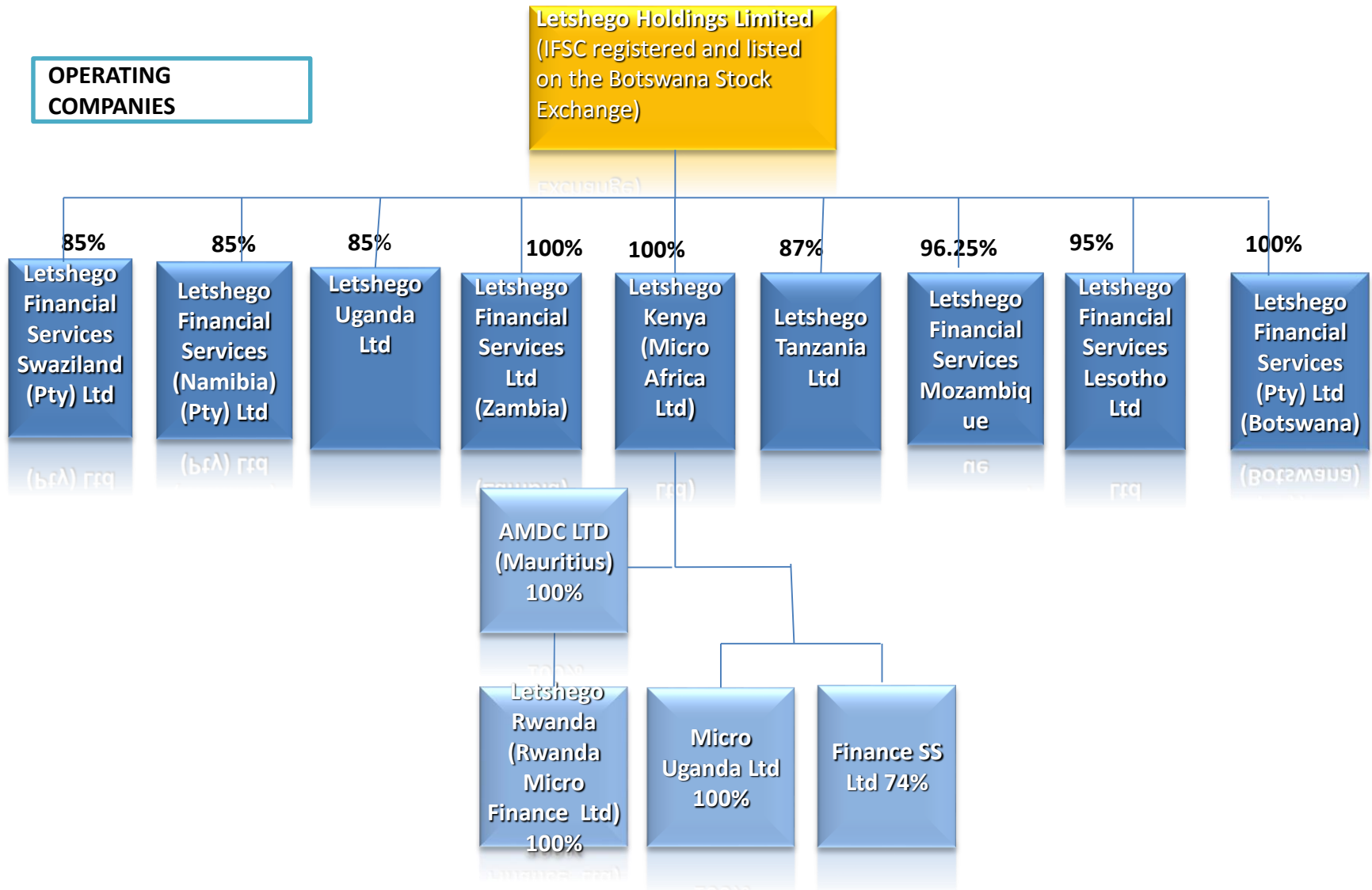


LFS Botswana. LFS Lesotho. LFS Mozambique. LFS Namibia.  
LFS Swaziland. LFS Tanzania. LFS Uganda. LFS Zambia

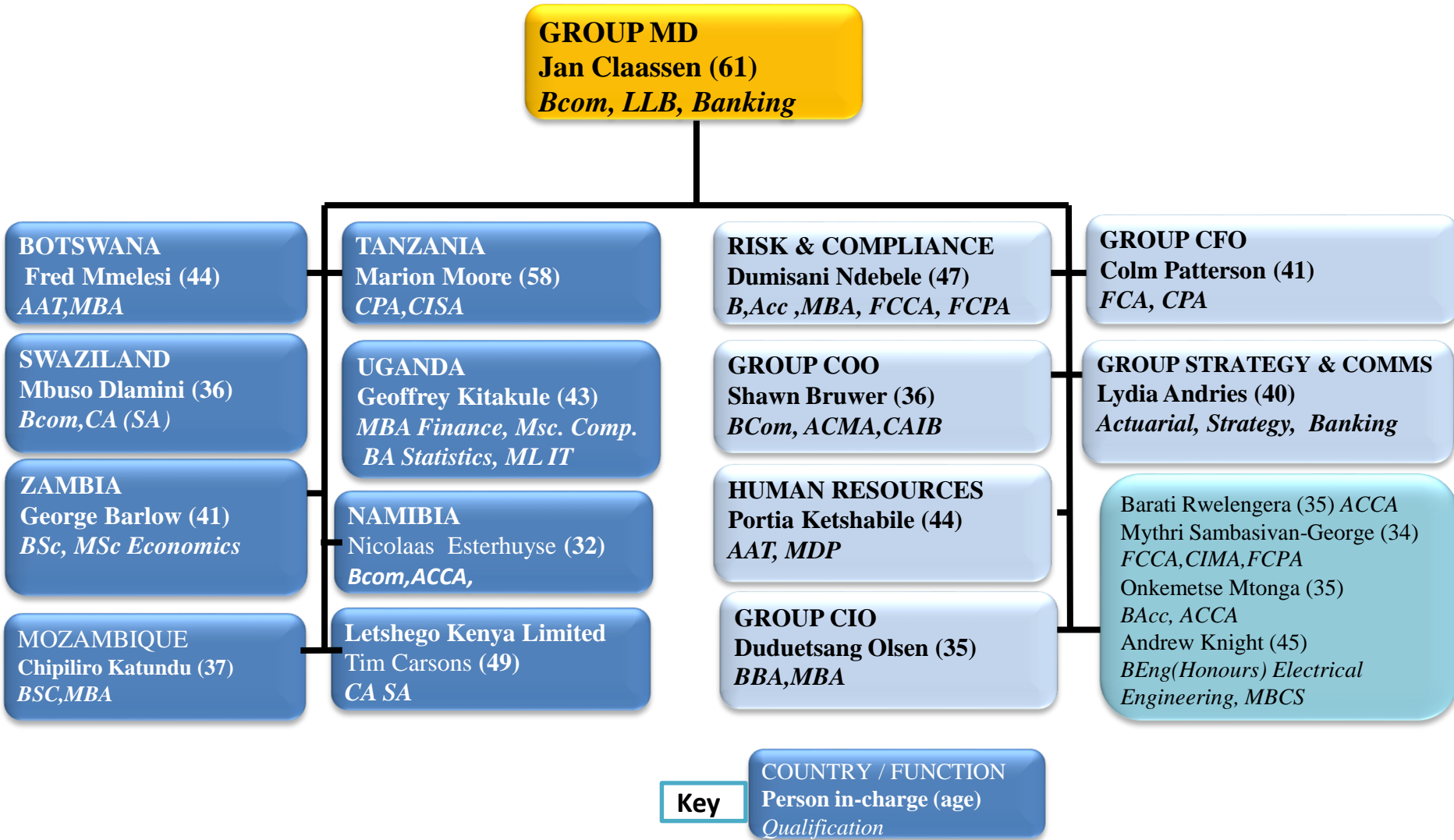


# Group Business Structures

# Group Corporate Structure



# Organisational structure



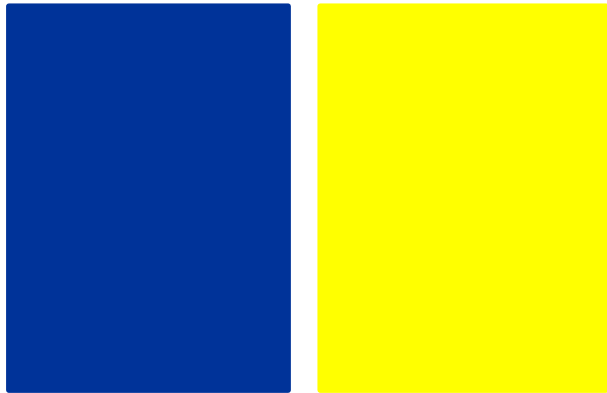
# Ownership Structure

- *The share capital of Letshego consists of 2,167,540,271 as at July 2013 shares all of which are ordinary shares*
- *10,790,099 new shares were issued during April 2013 in terms of the staff Long Term Incentive Plan*
- *158,105,858 new shares were issued to ADP I Holding 2 during April 2013 in terms of the convertible loan Note Subscription agreement that was approved by shareholders during April 2010*
- *Some shares are owned by investors registered through asset management companies or trustees/funds. These investors are not registered individually in the share register maintained by the independent Transfer Secretaries*

## MAJOR SHAREHOLDERS

INVESTOR	Jan 2011	Jan 2012	Jan 2013	SHARE CAPITAL % July 2013
Botswana Life Insurance Ltd	16.4%	25.6%	25.3%	23.3%
BIFM – funds under management	17.3%	17.8%	17.5%	15.5%
Investec – funds under management	13.0%	13.0%	13.0%	9.0%
Fleming – funds under management	9.2%	10.8%	11.5%	10.0%
ADP I Holding 2	0.0%	0.0%	1.1%	8.3%
PAIP - PCAP - FMO (managed by KZ)	13.1%	3.9%	0.0%	0.0%
International Finance Corporation (IFC)	5.7%	4.2%	2.0%	0.0%
Emerging Markets	4.0%	4.0%	3.9%	3.6%
SQM	2.0%	2.5%	3.6%	3.0%
Management	1.0%	1.0%	1.6%	0.5%

*As of 31<sup>st</sup> July 2013 approx. 85% of the total share capital was owned by residents of Botswana and approx. 15 % by those outside Botswana.*



# African Footprint



# African Footprint



- Existing Operations
- Potential Future Expansion
- Exiting

## Strategic Goals

- Aim to be leading consumer finance provider on African continent
- Transform into a broader financial institution
- Proven management ability to penetrate into new growth markets
- Strong relationships with key stakeholders
- Established platform and infrastructure (cross-border *shared services center*)
- Focus on both horizontal and vertical expansion
- Acquisition of Micro Africa Limited added Kenya, South Sudan and Rwanda as new countries
- Evaluate other expansion opportunities (Ghana, Zimbabwe, and Nigeria)

# African Footprint and Market Profiles where Letshego Operates - 31 July 2013

Description	Botswana	Swaziland	Tanzania	Uganda	Zambia	Namibia	Mozamb'e	Lesotho
								

Year established	1998	2006	2006	2005	2007	2008	2011	2012
Population	2,098,000	1,202,000	45,040,000	33,796,000	13,257,000	2,212,000	24,100,000	2,193,843
Formally employed	539,000	100,000	3,870,000	555,900	500,000	300,000	9,600,000	539,000
Government employees	133,000	35,358	573,000	250,000	150,000	93,000	248,000	43,000
Number of customers	32,095	6,006	52,139	31,793	1,550	38,723	14,435	2,716
Market penetration based on total Govt employees (%)	24%	17%	9%	13%	1%	48%	2%	8%
No of branches	4	2	16	13	1	11	8	1
No of satellite offices	7	0	90	23	0	1	0	2
Permanent Staff	77	9	84	50	11	34	39	9
Commission based staff	14	4	275	136	0	13	14	10

# African Footprint and Market Profiles where Letshego Operates - 31 July 2013

## Description

Kenya



Rwanda



South Sudan



Uganda MAL



Year established	2000	2004	2009	2002
Population	41,608,000	10,942,950	10,314,021	33,796,000
Formally employed	18,700,000	4,900,000	506,000	555,900
Government employees	580,000	133,000	153,000	250,000
Number of customers	13,632	6,802	5,658	15,162
Loan products as a % of total loans				
• Salary Loans	11%	23%	21%	15%
• Group Loans	47%	23%	41%	58%
• SME Loans	29%	54%	39%	23%
• Government Payroll	9%	-	-	1%
• Housing Micro Finance	4%	-	-	2%
No of branches	12	5	7	6
Staff complement	132	83	74	88


# Group Financial Highlights

## *31 July 2013*

# 31 July 2013 Financial Highlights

	July 2013	July 2012	% change
Advances to customers	P3.8 billion	P3.1 billion	22%
Profits before tax	P455.0million	P422.9 million	8%
Impairment charges	2.0%	2.8%	(33%)
Profits before tax generated outside Botswana	55%	39%	
Dividend declare	90 million	84 million	7%
Cost to income ratio	27.6%	24%	
Debt to equity	25.2%	30.4%	

# Group Statement of Financial position

AT 31 July

	31 July 2013 (Reviewed) P'000	31 July 2012 (Reviewed) P'000	% Change	31 January 2013 (Audited) P'000
<b>ASSETS</b>				
Cash and cash equivalents	412,544	277,241		807,254
Advances to customers	3,819,982	3,139,596	22	3,336,204
Other receivables	45,373	29,867		12,143
Short term investments	17,939	11,439		26,206
Long term receivables	-	11,563		11,468
Investment in associate	344			
Plant and equipment	17,344	14,520		14,559
Intangible assets	32,600	7,179		12,457
Goodwill	55,250	49,948		49,948
Deferred taxation	7,980	10,645		8,939
<b>Total assets</b>	<b>4,409,356</b>	<b>3,551,998</b>	<b>24</b>	<b>4,279,178</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
Customer cash collateral	39,446	30,371		34,185
Trade and other payables	70,927	70,178		78,828
Income tax	29,947	12,455		28,327
Borrowings	858,830	801,952	7	1,277,395
<b>Total liabilities</b>	<b>999,150</b>	<b>914,956</b>		<b>1,418,735</b>
<b>Shareholders' equity</b>				
Stated capital	959,554	689,243		689,243
Foreign currency translation reserve	(7,472)	(21,324)		(45,982)
Legal reserve	2,696			-
Share based payment reserve	11,887	9,782		19,173
Retained earnings	2,354,479	1,887,458		2,112,485
<b>Total equity attributable to equity holders of the parent company</b>	<b>3,321,144</b>	<b>2,565,159</b>	<b>29</b>	<b>2,774,919</b>
Minority interest	89,062	71,883		85,524
<b>Total shareholders' equity</b>	<b>3,410,206</b>	<b>2,637,042</b>		<b>2,860,443</b>
<b>Total liabilities and equity</b>	<b>4,409,356</b>	<b>3,551,998</b>	<b>24</b>	<b>4,279,178</b>

# Group Income Statement

	6 months ended 31 July 2013 (Reviewed) P'000	6 months ended 31 July 2012 (Reviewed) P'000	% Change	12 months ended 31 January 2013 (Audited) P'000
Interest income	584,253	571,412	2	1,074,822
Interest expense	(28,519)	(42,686)	(33)	(108,807)
<b>Net interest income</b>	<b>555,734</b>	<b>528,726</b>	<b>5</b>	<b>966,015</b>
Premium income	52,522	44,975		86,992
Insurance fees	(3,761)	(3,803)		(8,008)
<b>Net interest and insurance income</b>	<b>604,495</b>	<b>569,898</b>		<b>1,044,999</b>
Fee and commission income	64,338	40,301	60	127,646
Other operating income	7,911	6,094		11,479
<b>Operating income</b>	<b>676,744</b>	<b>616,293</b>	<b>10</b>	<b>1,184,124</b>
Employee benefits	(81,720)	(63,326)	29	(123,086)
Other operating expenses	(99,383)	(75,654)	31	(157,395)
Insurance Claims expense	(6,481)	(9,471)		(25,853)
Insurance claim mitigation reserve movement		(25)		(1,306)
<b>Net income before impairment and taxation</b>	<b>489,160</b>	<b>467,817</b>	<b>5</b>	<b>876,484</b>
Impairment of advance	(34,062)	(40,680)	(16)	(35,097)
<b>Profit before taxation for the period</b>	<b>455,098</b>	<b>427,137</b>	<b>7</b>	<b>841,387</b>
Share of results of associate	344			
Income tax	(95,917)	(93,532)		(181,750)
<b>Profit for the period</b>	<b>359,525</b>	<b>333,605</b>	<b>8</b>	<b>659,637</b>
<b>Attributable to :</b>				
Equity holders of the parent company	337,693	319,043		628,084
Minority interest	21,832	14,562		31,553
<b>Profit for the period</b>	<b>359,525</b>	<b>333,605</b>	<b>8</b>	<b>659,637</b>

# Segmental Reporting

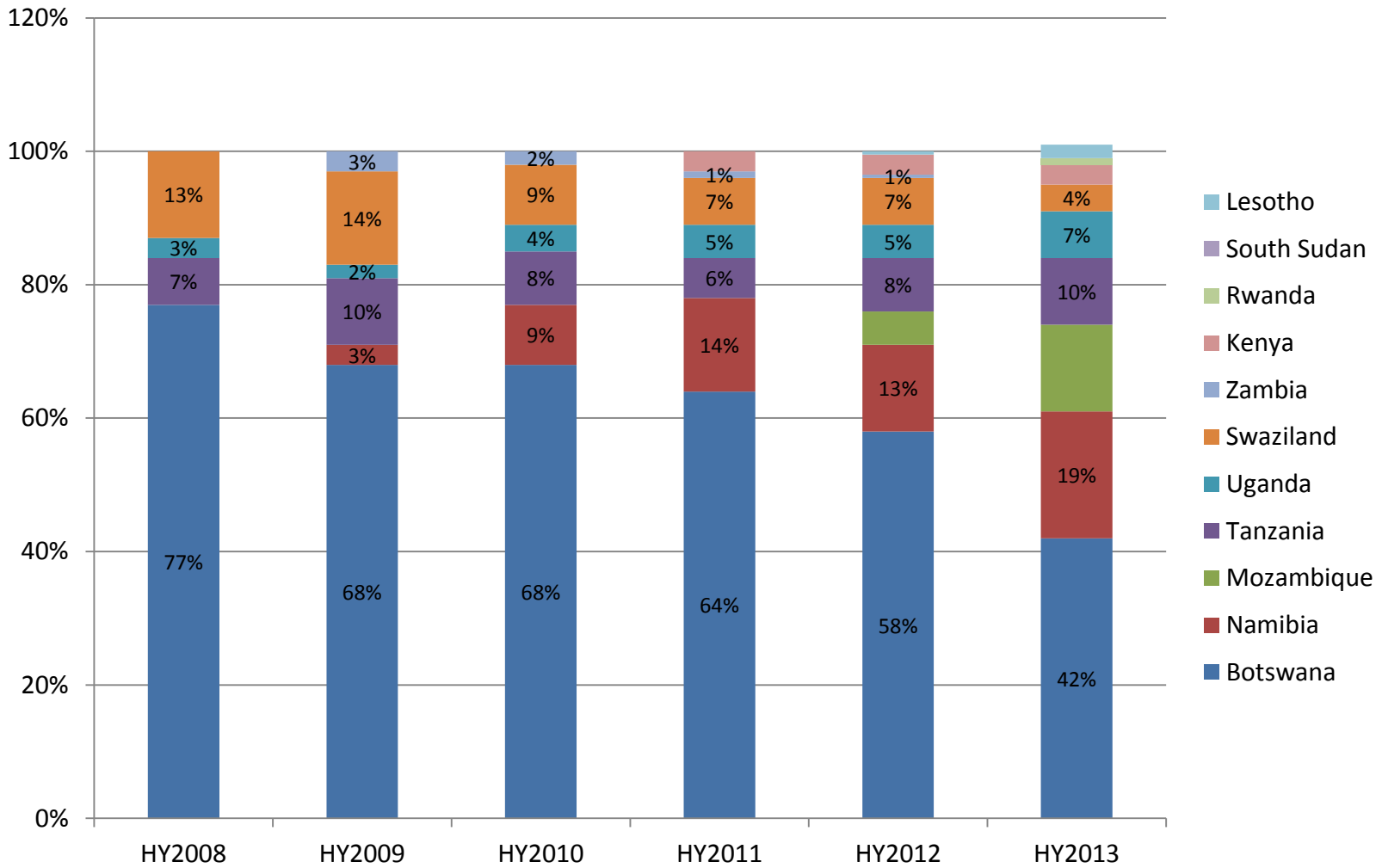
## SEGMENTAL REPORTING

### Regional geographical segments

	Southern Africa*		East Africa**		Elimination		Group		
	31 July 2013 P'000	31 July 2012 P'000	31 July 2013 P'000	31 July 2012 P'000	31 July 2013 P'000	31 July 2012 P'000	31 July 2013 P'000	31 July 2012 P'000	
Total income from lending	522,357	561,416	199,085	126,942	(73,692)	(76,645)	647,750	611,713	
<b>Segment profit before tax (before management and guarantee fees)</b>	<b>524,370</b>	<b>364,320</b>	<b>201,098</b>	<b>62,818</b>	<b>-</b>	<b>71,679</b>	<b>-</b>	<b>455,098</b>	<b>427,137</b>
Share of results of associate							344	-	
Taxation - consolidated							(95,917)	(93,532)	
<b>Profit for the period - consolidated</b>							<b>359,525</b>	<b>333,605</b>	
Gross advances to customers	3,182,761	2,576,743	661,212	586,920	-	-	3,843,973	3,163,662	
Impairment provisions	(10,222)	(15,561)	(13,769)	(8,505)	-	-	(23,991)	(24,066)	
<b>Net advances</b>	<b>3,172,541</b>	<b>2,561,182</b>	<b>647,443</b>	<b>578,415</b>	<b>-</b>	<b>-</b>	<b>3,819,982</b>	<b>3,139,596</b>	
<b>Total segment assets</b>	<b>5,638,054</b>	<b>4,638,296</b>	<b>724,552</b>	<b>647,489</b>	<b>(1,953,250)</b>	<b>(1,735,103)</b>	<b>4,409,357</b>	<b>3,551,998</b>	
Borrowings	2,075,061	1,741,843	271,735	362,210	(1,487,966)	(1,302,101)	858,830	801,952	
<b>Total segment liabilities</b>	<b>2,168,104</b>	<b>1,802,107</b>	<b>336,072</b>	<b>426,088</b>	<b>(1,505,024)</b>	<b>(1,313,239)</b>	<b>999,152</b>	<b>914,956</b>	

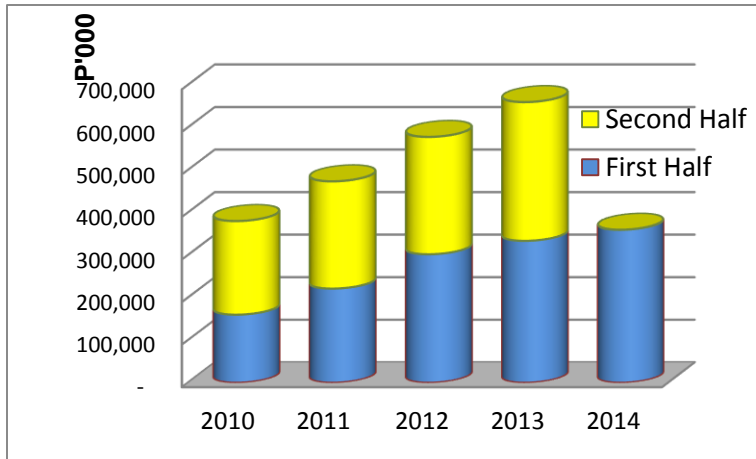


# Group Loan Book Concentration

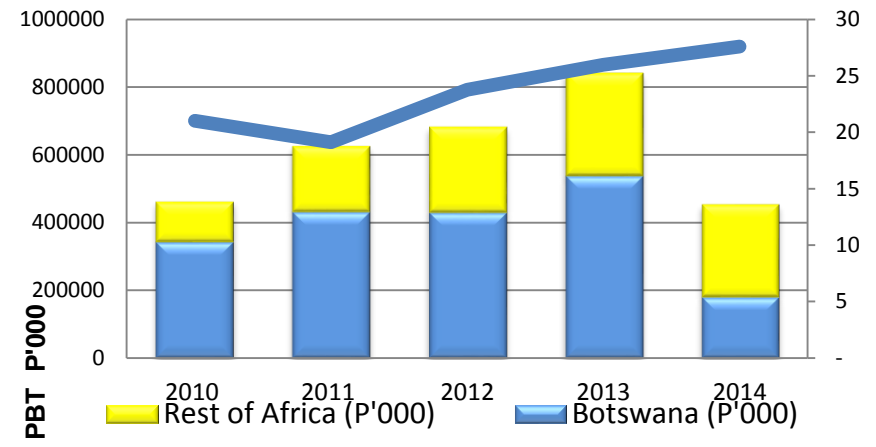


# Financial Indicators

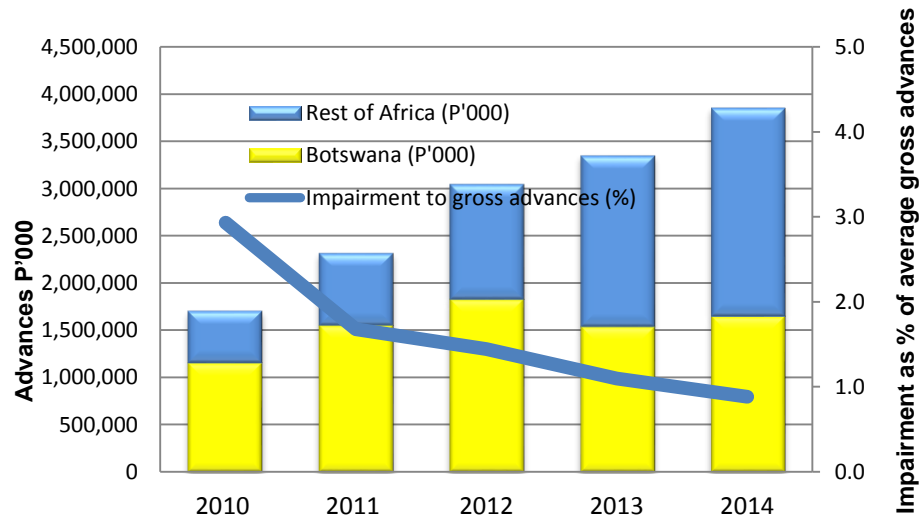
## Profit After Tax (P'000)



## Geographic Diversification PBT to Cost Income Ratio



## Advances vs. Impairment to Gross Advances

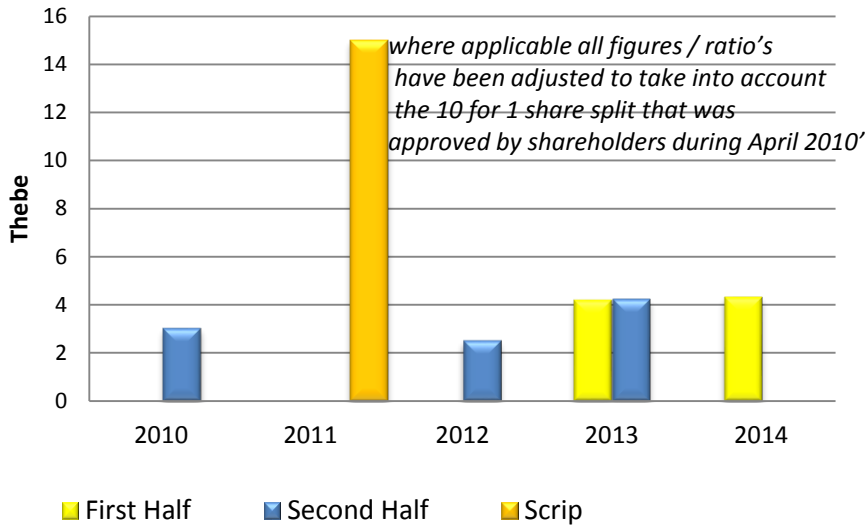


## Shareholders Funds: Debt to Equity

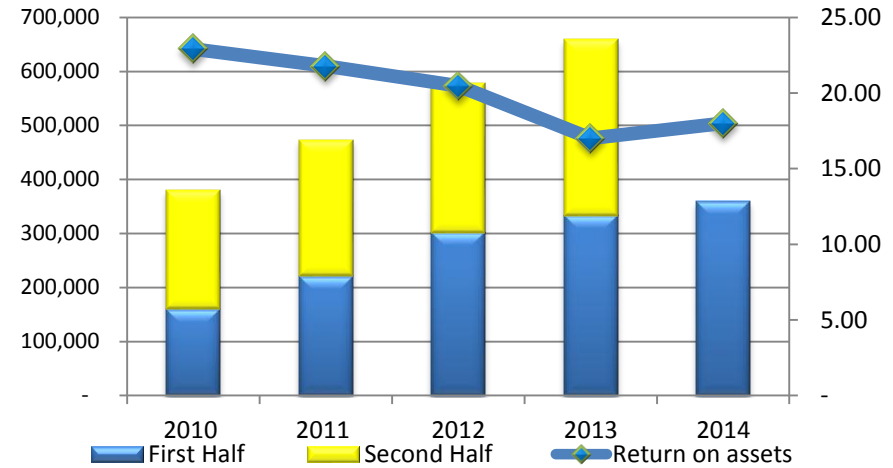


# Financial Indicators

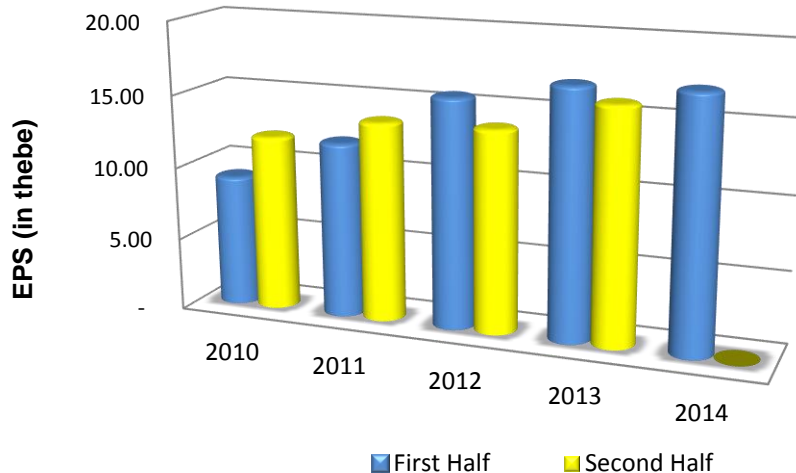
## Dividends per Share (Thebe)



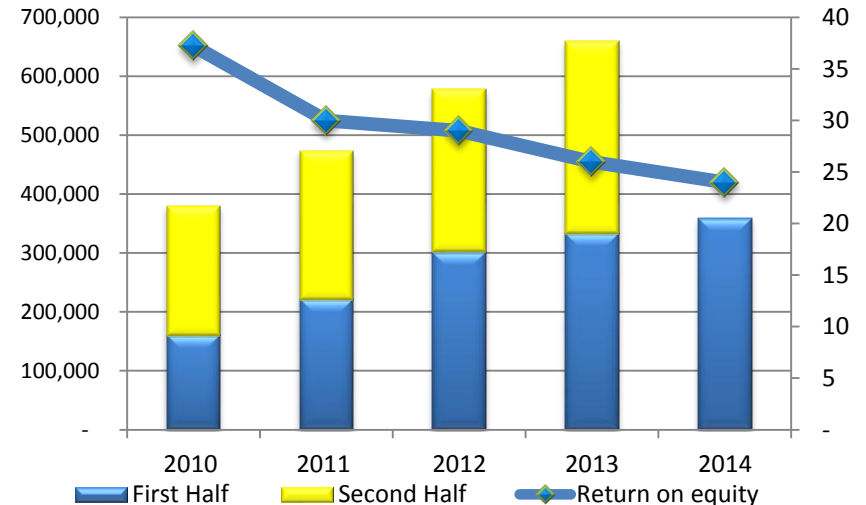
## ROA vs. PAT



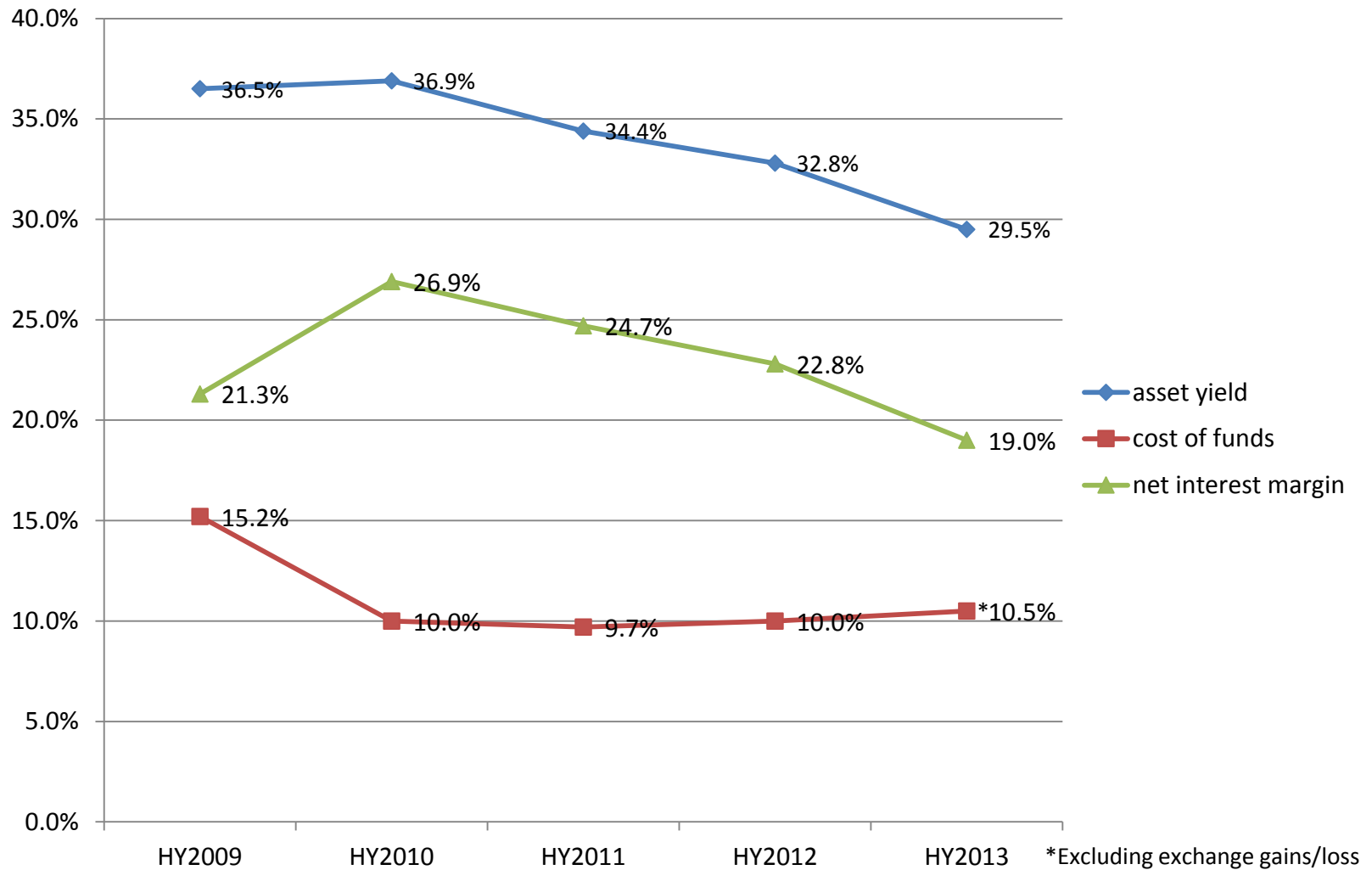
## Basic Earnings per Share



## ROE vs. PAT



# Yields and margins



# 31 July 2013 – Post Period end Developments

- The group is at an advanced stage to dispose of its entire shareholding in Letshego Zambia. This disposal, if concluded, will not have any significant impact on the group results given its current level of contribution.

## 31 July 2013 – Prospects

- The Group continues to actively explore new regions in Africa, new business streams, both through acquisitive and “green fields” methods
- Given prevailing economic conditions, the Directors expect continued growth in the advances book during the financial year to 31 January 2014 and continued profitability.



THANK YOU

## Key contacts

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