

## Press Release

### **LETSHEGO INTERIM RESULTS ALIGNED WITH FIRST HALF YEAR 2018, WITH IMPROVEMENT ON SECOND HALF 2018.**

#### **FINANCIAL HIGHLIGHTS**

- Profit before tax was P600 million a 2% increase from the prior period (2018: P590 million)
- Profit after tax was P364 million being 2% lower than the same period last year (2018: P370m)
- Costs increased by 11% resulting in a cost to income ratio of 41% (2018: 40%)
- Gross advances to customers passed P10 billion, a 15% increase on the prior period
- Customer deposits and borrowings were flat period on period
- Yields on advances to customers and the cost of borrowings were generally maintained resulting in a 6% increase in net operating income
- The cost of credit risk was 2.5% (2018: 2.6%) and the Group's coverage ratio was 109% for all non-performing loans (2018: 95%)
- The effective tax rate was 39% (2018: 37%)
- The Group remains well capitalised with a capital adequacy ratio of 38% (2018: 39%) and a debt to equity ratio of 110% (2018:112%)
- Return on equity was 17% (2018: 18%) and return on assets 7% (2018: 8%)
- Earnings per share of 15.4 thebe (2018:15.6 thebe) per share was achieved, a decline of 1%

#### **NON-FINANCIAL HIGHLIGHTS**

- Total borrowing customers increased to 387,000 (2018: 364,000)
- Total savings customers 250,000 (2018: 167,000)
- Customer access points have remained the same at 315
- The Group employed 1,902 (2018: 1,908) full time employees supplemented by an additional 1,459 (2018: 1,398) commission-based sales agents

#### **FINANCIAL PERFORMANCE**

The financial performance for the Group for the six months to 30 June 2019 was within expectations. The Group has made good progress in the three areas of focus for 2019 being, reduction in the cost to income ratio, cost of credit risk and the effective tax rate. These are expected to continue into the second half of 2019. A number of initiatives have been started with positive results expected into the second half of 2019 and beyond.

Commenting on the Group's Half Year Results, Interim Group CEO, Dumisani Ndebele added, *"Despite changes in leadership, this first half year has seen Letshego achieve alignment with performance from the first half of the same period last year, while achieving a positive improvement on the second half of 2018. The business is undergoing a period of review to ensure we leverage and maximise high potential business streams, mitigate unnecessary rising costs, and entrench our comprehensive risk management framework. Letshego's business fundamentals are strong, and we intend to maximise the opportunities for long term growth, and look forward to sharing further strategic progress in the second half of the year."*

#### **MANAGEMENT**

The Board is progressing with a number of appointments to fill current positions that are held on an interim or acting capacity, plus strengthen the overall executive management team. While this is happening the executive management team, as led by the Interim Group CEO, Dumisani Ndebele, remains in place and they have been successful in making good progress in achieving the 2019 financial targets for the Group as well as commencing an overall review of the medium and long term strategic objectives.

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## HIGHLIGHTS PROSPECTS

Based on the current financial performance of the Group and current economic circumstances, the Board expects the company's financial fundamentals to remain robust over the next 12–18 month horizon, despite risks associated with its regional expansion. This has been supported by Moody's Moody's decision to keep Letshego's Group Credit Rating unchanged at Ba3 (stable) outlook.

## AUDITORS' REVIEW

The condensed annual financial statements from which the financial information set out in this announcement has been reviewed but not audited by Ernst & Young, the Letshego Group's external auditors. Their unqualified review report is available for inspection at the Group's registered office.

## DIVIDEND NOTICE

Notice is hereby given that the Board has declared an interim dividend of 4.3 thebe per share for the period ended 30 June 2019. In terms of the Botswana Income Tax Act (Cap 50:01) as amended, withholding tax at the rate of 7.5% or any other currently enacted tax rate will be deducted from the final gross dividend for the period ended 30 June 2019.

**ENDS**

**For further enquiries, please contact:**

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### ***About Letshego Holdings Limited ("Letshego Group")***

*The Letshego Group is a proudly African multinational organisation, headquartered and listed in Botswana and focused on delivering inclusive finance solutions to underserved populations across 11 Sub Saharan Markets.*

*With a staff compliment of over 3,000 – including both direct and indirect sales agents - and more than six hundred thousand customers. Letshego is synonymous with leveraging innovation and technology to improve the lives of individuals who have limited access to traditional financial services.*

*In 2019, Letshego celebrates 21 years of supporting regional communities, with strong progress towards the Group's ambition to be Africa's leading inclusive finance organisation.*

**For more info visit [www.letshego.com](http://www.letshego.com)**