

Letshego Holdings Namibia Ltd

Letshego Holdings (Namibia) Limited (“LHN”) is a listed company on the Namibian Stock Exchange (NSX) since September 2017. The business has been in existence for over 20 years. LHN is predominantly engaged in providing short to medium-term consumer advances to salaried employees in the public and private sectors. In July 2016, the Group obtained a deposit-taking licence from the Bank of Namibia to expand its service offerings and drive its inclusive finance agenda. LHN is a subsidiary of Letshego Africa Holdings Limited, a Botswana Stock Exchange-listed pan-African group.



Strategy

LHN’s focus is to drive the inclusive finance agenda by providing simple, appropriate and accessible financial solutions to the financially underserved market segment (predominantly the low to middle income segment, as well as micro-small enterprises). The strategic conversations focuses on product diversification, digitalisation, regional rebalancing, enterprise agility and sustainable stakeholder value.

Products and Services

The Group’s inclusive finance agenda sees it providing broad-based, innovative and competitively priced solutions which include transactional banking services, savings and investing, affordable housing as well as personal and microlending appropriate to its customers’ everyday needs, mainly through the deduction at source model. The Group’s Affordable Housing Solution includes a complete solution with land and a customisable home included, or alternatively, capital to buy materials for home renovations.

Opportunities

1. Leverage on digitisation and agency banking innovation to provide financial services to the target segments.
2. Cross-selling opportunities to augment diversification strategy and build the retail deposit customer base.

Challenges

1. Dynamic regulatory environment and associated costs of compliance in light of the goal to provide affordable solutions.
2. High interest rates and limited wage growth (public and private) in recent years have been a constraint on affordability for advances growth.
3. The Group’s advances are primarily priced at fixed rates, which result in margin compression in a raising interest rate environment.

Basic valuation

Financial data	Year-end Dec			
	FY '22	FY '23f	FY '24f	FY '25f
Interest Income (NAD'm)	668	776	867	915
Impairment charge (NAD'm)	-10	-18	-16	-17
Profit after tax (NAD'm)	350	377	463	506
Advances (NAD'm)	4,753	4,792	5,096	5,499
HEPS (NADc)	70	75	93	101
PE(x)	5.6	5.2	4.3	3.9
DPS (NADc)	70	75	93	101
DY (%)	17.7	19.3	23.4	25.6
NAV ps (NADc)	514	514	514	514
PB (x)	0.77	0.76	0.77	0.77

Source: Letshego, Cirrus

Summary data

Share price (NAD)	4.00
12m hi/low (NAD)	4.00/3.51
Shares in issue (m)	500
Market cap (NAD'bn)	2.00
Market cap (USD'bn)	1.05
Ave daily traded (USD'm)	6,950.06
Rolled forward PE	4.3
Target price (NAD)	4.47
One-year absolute return (%)	12.54

Source: Letshego, Cirrus Capital
 All prices correct as of 14 Feb '24

Letshego Namibia Representatives



Ester Kali
Chief Executive Officer



Karl-Stefan Altman
Chief Finance Officer



Natasha Winkler
Head of Product Marketing



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