



Capricorn Group Limited 1H25 Initial Impression February 2025



Research Analyst:

Zane Feris
zane@ijg.net
+264 81 958 3543

Capricorn Group Ltd

1H25 Initial Impression

Target Price (c) 2310
Current Price (c) 2110

Year End 30 June	1H24A	FY24A	1H25A	FY25E	FY26E	Recommendation	BUY
Net Interest Income (N\$ m)	1,471	3,088	1,657	3,302	3,359	NSX Code	CGP
Non-Interest Income (N\$ m)	1,111	2,141	1,290	2,306	2,488	Market Cap (N\$ m)	10,699
Profit after Tax (N\$ m)	828	1,736	1,063	1,991	2,062	Shares in Issue (m)	507
HEPS (c)	305	321	394	367	380	Free Float (%)	25.5
DPS (c)	48	112	61	110	106	52-Week High (c)	2117
DY (%)	5.7*	5.7	5.9*	5.2	5.4	52-Week Low (c)	1716
P/E (x)	5.6*	6.1	5.2*	5.7	5.5	Expected Total Return	14.8%
P/B (x)	1.1	1.0	1.2	0.9	0.8		

Source: Capricorn Group Limited, IJG Securities

*Annualised

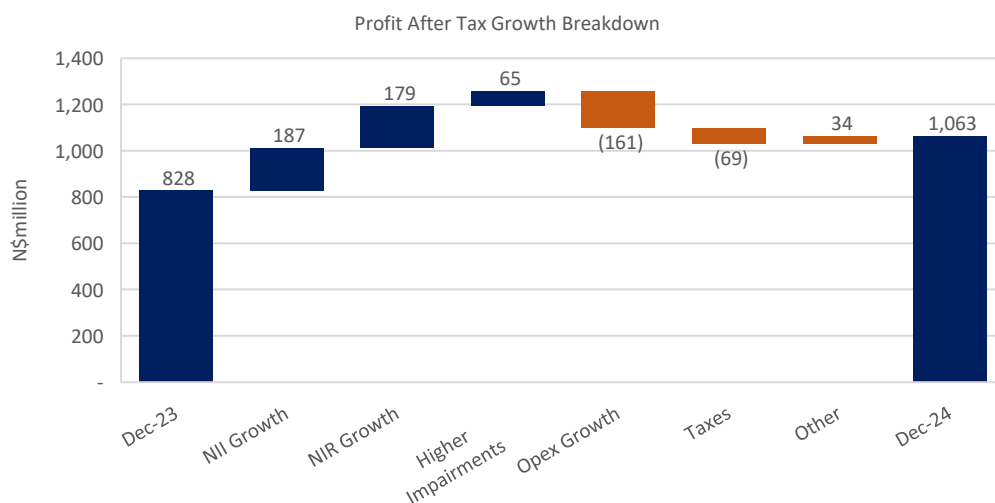
1H25 Initial Impression

Capricorn Group Ltd (CGP) published results for the six months ended 31 December 2024 (1H25). Profit after tax climbed by 28.5% y/y or N\$235.8 million to N\$1.06 billion, mainly driven by improved net interest margins, solid growth in non-interest income, and lower impairment charges. Headline earnings per share grew by 29.1% y/y to 196.8cps (1H24: 152.4cps). ROE strengthened to 20.9% in 1H25, compared to 18.5% at the same time last year. An interim dividend of 61cps (1H24: 48cps) was declared, translating to a payout ratio of 31.0% (1H24: 31.5%).

(N\$ million)	1H24	1H25	Δ %
Interest and Similar Income	3,263.1	3,418.1	4.7%
Interest Expense and Similar Charges	(1,792.3)	(1,760.6)	-1.8%
Net Interest Income	1,470.7	1,657.4	12.7%
Impairment Losses	(252.9)	(187.5)	-25.8%
Net Interest Income after Impairment losses	1,217.9	1,469.9	20.7%
Non-Interest Income	1,111.1	1,290.4	16.1%
Operating Expenses	(1,329.3)	(1,489.8)	12.1%
Operating Profit	999.7	1,270.5	27.1%
Share of Associates' Results after Tax	95.6	129.8	35.8%
Profit before Tax	1,095.3	1,400.3	27.8%
Income Tax Expense	(267.7)	(336.9)	25.9%
Profit for the Period	827.6	1,063.4	28.5%

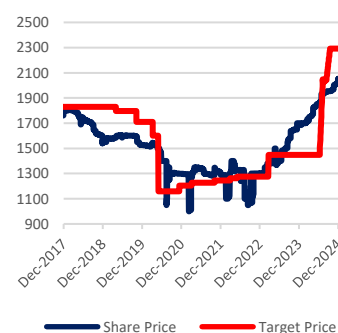
Source: CGP

Net Interest Income (NII): CGP reported NII growth of 12.7% y/y or N\$186.7 million, reaching N\$1.66 billion, supported by strong loan book growth (details below). Interest expense decreased by 1.8% y/y to N\$1.76 billion. The group's net interest margin widened to 5.1% in 1H25, up from 4.9% in 1H24. Bank Windhoek's net interest margin rose to 5.4% (1H24: 5.1%), while Bank Gaborone's margin increased to 4.4% (1H24: 4.1%).



Source: CGP, IJG Securities

CGP Share Price vs Target Price (c)



Dividends

CGP declared an interim dividend of 61 cents per share.

- Last Day to Trade: 13 March 2025
- Ex-Dividend Date: 14 March 2025
- Record Date: 20 March 2025
- Payment Date: 4 April 2025





0,0005	4,85%
0,0003	13,04%
0,001	50,00%
0,0003	14,29%
0,0005	12,50%

Assets and Advances: Total assets expanded by 8.3% y/y or N\$5.49 billion to N\$71.32 billion, largely driven by a 6.0% y/y or N\$2.96 billion rise in gross loans and advances to N\$51.85 billion, outpacing PSCE growth of 4.0% y/y over the same period. Term loans grew by 13.1% y/y or N\$2.26 billion to N\$19.43 billion, contributing the most to this growth.

Impairments and NPLs: The Group's impairment charges declined by 25.8% y/y or N\$65.3 million to N\$187.5 million, supported by further reductions in the Namibian and Botswana repo rates as well as a proactive approach to credit risk management, according to management. NPLs fell by 0.6% during the 6-month period to N\$2.39 billion, resulting in a NPL ratio of 4.6% (FY24: 4.7%). CGP's credit loss ratio (CLR) stood at 0.36% at 1H25, down from 0.65% as at June 2024 — notably lower than FirstRand Namibia's (FNB) 0.7% over the same period.

Non-Interest Revenue (NIR): NIR rose by N\$179.3 million or 16.1% y/y, driven by higher transaction and trading volumes. Transaction-based fee income increased by 13.6% y/y, while net trading income climbed by 16.3% y/y. Assets under management grew to N\$52.2 billion (June 2024: N\$46.6 billion), leading to a 19.2% increase in asset management fees to N\$122.0 million for the reporting period.

Deposits: Deposits increased by 8.2% y/y or N\$3.98 billion to N\$52.24 billion, primarily supported by strong growth in demand deposits and current accounts. Demand deposits grew by 23.6% y/y or N\$1.67 billion to N\$8.78 billion, while current accounts rose by 14.1% y/y or N\$1.79 billion to N\$14.49 billion. On the flip side, NCDs fell by 19.2% y/y or N\$2.03 billion to N\$8.86 billion. CGP further strengthened its capital position, with its capital adequacy ratio improving to 18.1% (FY24: 17.9%).

Operating Expenses (opex): Opex increased by 12.1% y/y or N\$160.6 million to N\$1.49 billion, well above Namibia's annual CPI growth of 3.4% y/y over the same period. Staff costs, the largest component of opex, rose by 8.6% y/y or N\$114.2 million, mainly due to above-inflation salary increases and the filling of key vacancies. The group's cost-to-income (CTI) ratio slightly improved to 50.5% in 1H25, compared to 51.5% in 1H24.

Our Take

Capricorn Group enters FY25 well-positioned to leverage Namibia's expected 3.0% economic growth, supported by a rebound in primary industries and continued strength in manufacturing and utilities. Management notes in the results release that lower interest rates and currency stability create a favourable operating environment for the Group's core banking and asset management businesses. Management expects Botswana's GDP to grow between 3% and 4%, presenting a recovery opportunity after the diamond market downturn experienced in 2024. Regional economic improvements should support loan book growth, boost non-interest revenue, and maintain strong asset quality.

Using a panel of standard valuation techniques, a cost of equity of 17.0% and a long-term sustainable return on equity of 18.0%, we derive a **target price of N\$2310**. Coupled with a total dividend of 110cps, we derive a potential total return of 14.8%. Based on this, we view the current share price as undervalued and retain our **BUY** recommendation on CGP.

IJG Holdings

Mathews Hamutenya	Group Chairman		Tel: +264 (61) 256 699
Mark Späth	Group Managing Director	mark@ijg.net	Tel: +264 (81) 958 3510
Helena Amutenya	Group Financial Director	helena@ijg.net	Tel: +264 (81) 958 3528
Leonie De Klerk	Group Compliance Officer	leonie@ijg.net	Tel: +264 (81) 958 3533
Tashiya Josua	Financial Manager	tashiya@ijg.net	Tel: +264 (81) 958 3511
Benita Windisch	Financial Manager	benita@ijg.net	Tel: +264 (81) 958 3539
Lynnet Sasele	Financial Accountant	lynnet@ijg.net	Tel: +264 (81) 958 3536
Counney Kemp	Group PA	reception@ijg.net	Tel: +264 (81) 958 3500

IJG Securities

Leon Maloney	Equity & Fixed Income Dealing	leon@ijg.net	Tel: +264 (81) 958 3512
Maria Amutenya	Settlements & Administration	maria@ijg.net	Tel: +264 (81) 958 3515
Zane Feris	Sales and Research	zane@ijg.net	Tel: +264 (81) 958 3543
Kari Rossouw	Sales and Research	kari@ijg.net	Tel: +264 (81) 958 3530
Robin Sherbourne	Economist	robin@ijg.net	Tel: +264 (81) 958 3500

IJG Wealth Management

Andri Ntema	Managing Director	andri@ijg.net	Tel: +264 (81) 958 3518
Wim Boshoff	Head Wealth Manager	wim@ijg.net	Tel: +264 (81) 958 3537
Aretha Thiart	Wealth Manager	aretha@ijg.net	Tel: +264 (81) 958 3540
Katja Greeff	Wealth Manager	katja@ijg.net	Tel: +264 (81) 958 3538
Wetu Ishitile	Junior Wealth Manager	wetu@ijg.net	Tel: +264 (81) 958 3500
Maunda Rautenbach	Head of Operations	maunda@ijg.net	Tel: +264 (81) 958 3529
Lorein Kazombaruru	Wealth Administration	lorein@ijg.net	Tel: +264 (81) 958 3521
Francoise van Wyk	Wealth Administration	francoise@ijg.net	Tel: +264 (81) 958 3513
Calvin Mwinga	Wealth Administration	calvin@ijg.net	Tel: +264 (81) 958 3514

IJG Capital

Jakob de Klerk	Managing Director	jakob@ijg.net	Tel: +264 (81) 958 3517
Mirko Maier	Senior Manager: Investments	mirko@ijg.net	Tel: +264 (81) 958 3531
Fares Amunkete	Senior Manager: Investments	fares@ijg.net	Tel: +264 (81) 958 3527
Peterson Mbise	Manager: Investments	peterson@ijg.net	Tel: +264 (81) 958 3532
Veripi Ngapurue	Senior Associate	veripi@ijg.net	Tel: +264 (81) 958 3500
Jacinda Lima	Associate	jacinda@ijg.net	Tel: +264 (81) 958 3500

IJG Investment Managers & IJG Unit Trusts

Chidera Onwudinjo	Portfolio Manager	chidera@ijg.net	Tel: +264 (81) 958 3523
Danie van Wyk	Portfolio Manager	danie@ijg.net	Tel: +264 (81) 958 3534
Joshua Sithole	Junior Research Analyst	joshua@ijg.net	Tel: +264 (81) 958 3523

IJG Advisory

Herbert Maier	Managing Director	herbert@ijg.net	Tel: +264 (81) 958 3522
Jolyon Irwin	Director	jolyon@ijg.net	Tel: +264 (81) 958 3500
Hugo van den Heever	Corporate Advisor	hugo@ijg.net	Tel: +264 (81) 958 3542
Lucas Martin	Corporate Advisory Associate	lucas@ijg.net	Tel: +264 (81) 958 3541

No representation is given about, and no responsibility is accepted, for the accuracy or completeness of this document. Any views reflect the current views of IJG Holdings (Pty) Ltd. The views reflected herein may change without notice. IJG Holdings (Pty) Ltd provides this document to you for information purposes only and should not be constructed as and shall not form part of an offer or solicitation to buy or sell securities or derivatives. It may not be reproduced, distributed or published by any recipient for any purposes.



**Independent. Focused.
Personalised.**