



LETSHEGO HOLDINGS (NAMIBIA) LTD

FY24 Initial Impression

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Letshego Holdings (Namibia) Ltd

FY24 Initial Impression

Current Price (c)

550

Year End 31 December	FY22	1H23	FY23	1H24	FY24	Recommendation	BUY
Net Interest Income (N\$ m)	621	218	438	251	549	NSX Code	LHN
Non-Interest Income (N\$ m)	301	161	314	157	312	Market Cap (N\$ m)	2,750
Profit after Tax (N\$ m)	350	171	353	199	419	Shares in Issue (m)	500
HEPS (c)	70.08	34.29	70.67	39.89	83.77	Free Float (%)	22.0
DPS (c)	54.70	34.29*	70.67	39.89*	83.77	52-Week High (c)	550
DY (%)	18.2	17.6	18.1	17.2	15.2	52-Week Low (c)	405
P/E (x)	4.2	5.7	5.5	5.8	6.6		
P/B (x)	0.5	0.7	0.7	0.8	0.8		

Source: LHN, IJG Securities
*Interim

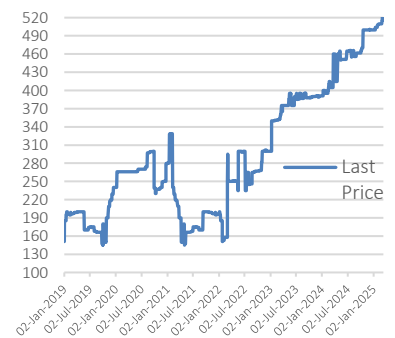
FY24 Initial Impression

Letshego Holdings (Namibia) Ltd (LHN) has released its financial results for the year ending 31 December 2024, reporting a notable increase in both baseline and headline earnings per share. Earnings per share rose by 18.5% y/y, from 71 cents in 2023 to 84 cents in 2024. LHN achieved a growth in profit after tax of 18.5%, which rose from N\$353.3 million in 2023 to N\$418.8 million by December 2024. Key financial ratios remained stable, with the return on average assets and cost-to-income ratio both unchanged at 6.0% and 47.2%, respectively. The return on equity rose to 16.4%, from 13.9%.

A final dividend of 43.88 cents per ordinary share has been declared, representing a dividend payout ratio of 100.0% (FY23: 100%). The dividend yield declined to 15.2% (FY23: 18.1%).

Net Interest Income: Net interest income increased by 25.3% y/y to N\$549.3 million. The rise in net interest income was predominantly driven by the repricing of low-interest loans, a 13.6% y/y rise in 'loans and advances' to customers and an observed expansion in the net interest margin from 7.2% to 8.3%.

LHN Share Price (c)

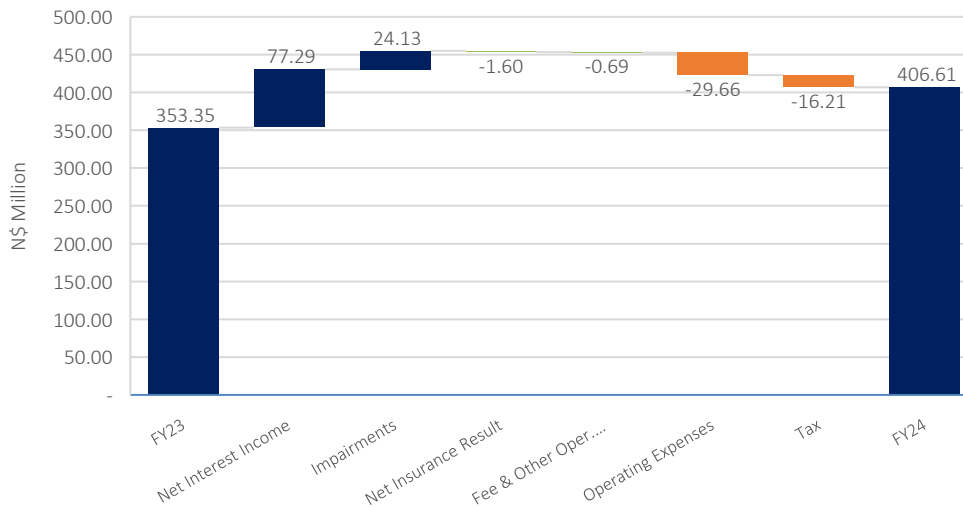


Dividends

LHN declared a final dividend of 43.88 cents per share.

- Last Day to Trade: 06 June 2025
- Ex-Dividend Date: 09 June 2025
- Record Date: 13 June 2025
- Payment Date: 27 June 2025

LHN Profit after Tax Growth Breakdown



Source: LHN, IJG Securities

Assets and Advances: Total assets amounted to N\$7.12 billion at the end of December 2024, up by 4.7% y/y. The key drivers of total asset growth are attributable to the rise in net insurance contract assets (15.2% y/y), intercompany receivables (25.3% y/y), and loans and advances to customers (13.6% y/y). Loans and advances grew by N\$163.7 million to N\$5.39 billion. However, government and other securities decline by 34.1% y/y to N\$601.6 million in FY24.

Impairments: According to management, an improvement across all LHN's arrears categories has led to a reversal of its credit impairment charge. This reversal amounts N\$12.0 million. LHN reported an improvement in both its loan loss ratio and credit loss ratio. Additionally, the non-performing loans ratio decreased from 6.0% at the end of December 2023 to 5.1% by 31 December 2024.





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

Non-Interest Revenue: Non-interest revenue marginally fell by 0.7% from N\$313.9 million to N\$311.6 million. The slight decrease in non-interest revenue was led by the substantial decline in other operating income which fell from N\$4.3 million to N\$65,000 at the end of December 2024. However, this decline was partially offset by a 10.5% rise in fee income, which rose to N\$37.4 million for FY24. Net insurance income experienced a slight decline of 0.6% y/y, as insurance expenses increased by N\$42.6 million, outpacing the increase in insurance revenue by N\$1.6 million.

Operating Expenses: Operating expenses rose by 14.3% y/y to N\$408.2 million over the year, primarily driven by higher staff and operational costs, which were mainly impacted by the increase in headcount. Employee benefits rose by 22.9% y/y, or N\$21.6 million, totalling N\$116.2 million at the end of the year. Advertising and promotion costs increased by 43.2% y/y, while repairs and maintenance costs declined substantially by 75.8% y/y.

Borrowings: LHN's borrowings decreased by 6.9% y/y or N\$216.4 million to N\$2.90 billion over the year. The amount outstanding on listed bond notes at the end of December 2024 totalled N\$765.7 million (FY23: N\$434.6 million). LHN saw a reduction in its capital adequacy ratio from 35% in FY23 to 30% in FY24 yet still remains well capitalised. LHN reported a moderation in its debt-to-equity ratio, improving it from 114% to 105% by the end of the financial period.

Our Take

LHN reported strong financial performance in FY24, marked by solid growth in both earnings and profit. Key financial ratios, including return on equity, remained robust underscoring its capabilities in growing profitably. LHN demonstrated resilience in managing its credit portfolio, with notable improvements in its loan loss ratio, as well as its credit loss ratio. Although non-interest revenue declined slightly, this was largely offset by growth in fee income. The reduction in borrowings and the debt-to-equity ratio further underscores the company's financial stability. Overall, LHN managed to only slightly grow its loan book. It is also important to consider the challenges LHN faces in fluctuating non-interest income and rising operational costs.

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