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SSA ex SA EARNINGS FLASH

ZIMBABWE — ECOCASH HOLDINGS

Prepared by: Christopher W. Hartland-Peel — **Date: July 21, 2022**

COMPANY INFORMATION		
Listed	Zimbabwe	
Market capitalisation	US$185m	
Main shareholder(s)	Econet Global Econet Wireless	30.3% 20.0%
Year end	February	
Sector	Mobile money and Fintech	
FX rate to US$	ZW$ 713.19	

SHARE INFORMATION		
P/E:12 month trailing		78.8 times
Dividend yield		Nil
Dividend cover		n.a.
ROE		23.4%
Leverage		4.7 times
Price/Book		18.45 times
Share price July 21, 2022	ZW$	50.01
	US$	$0.07

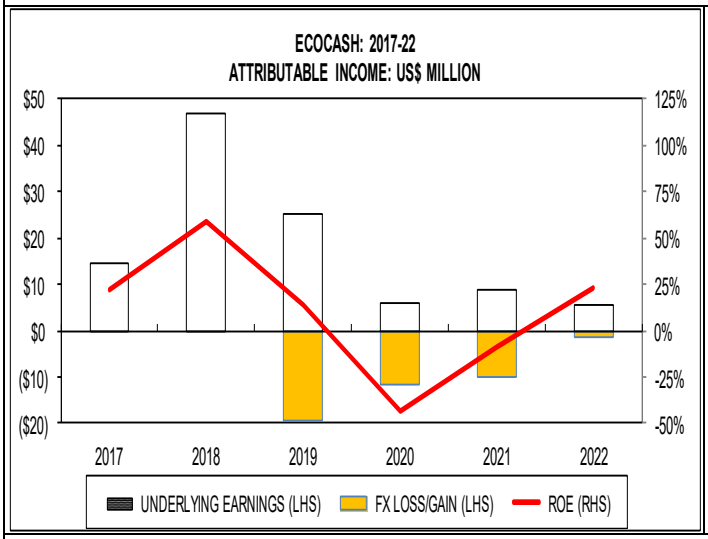
2022 Full Year Earnings Release. Highlights:

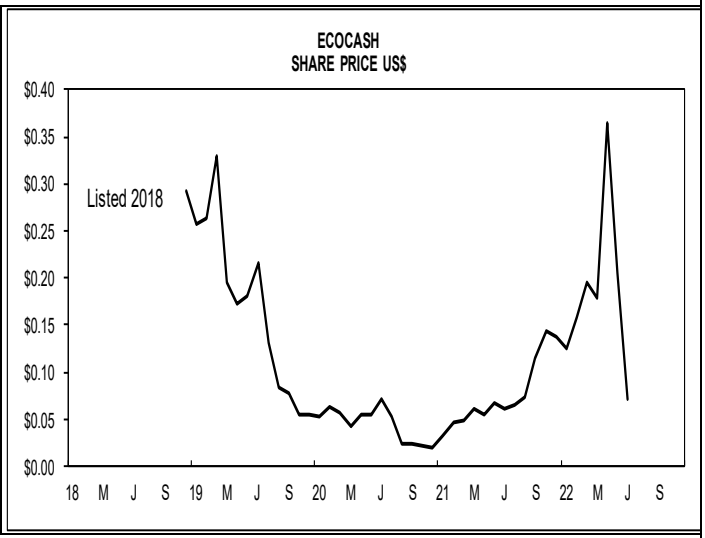
Note: Inflation in fiscal year to Feb 2022 was 66%.

1. EcoCash Holdings, mobile money and Fintech, was spun-off from Econet Wireless in December 2018 and shares were allocated to shareholders on a pro-rata basis.
2. EcoCash has a wholly owned subsidiary, Steward Bank, through which it operates its transaction and lending services and which generates 80% of revenue. Insurance generates a further 14%.
3. 2022 revenue US$62m vs US$46m in 2021[1].
4. 2022 earnings US$4.5m vs US$1m loss in 2021.
5. H1 2022 was more profitable with earnings of US$3.5m vs H2 earnings of US$1.0m.
6. 2022 FX losses lower at US$1.1m vs US$9.9m.
7. 2022 profitability declined with operating margins of 19% vs 22%.

Investor Issues

1. High inflation and Zimbabwe currency weakness.
2. Debt/equity ratio of 57%.
3. Telecom company valuation graph page 2.
4. High Price/Book ratio for level of profitability.





Sources: All information, graphs, tables and data have been sourced from company annual/interim reports, share prices from the Zimbabwe Stock Exchange, FX rates from the Financial Times London and OM implied rate inflation adjusted from June 2020.

[1] 2022 and 2021 US$ figures derived from historical ZW$ financial statements converted at the Old Mutual FX rate of June 2020 adjusted for subsequent inflation.

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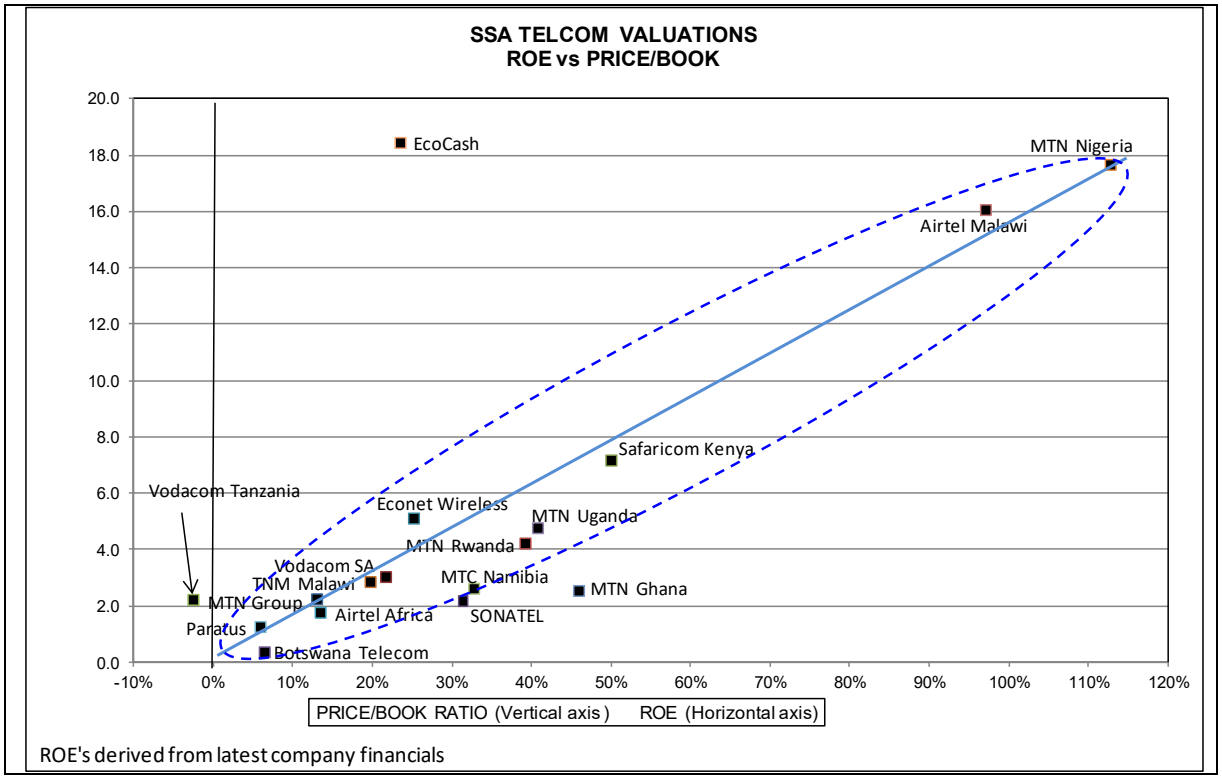

ROE's derived from latest company financials