

ECONET Wireless

ECONET WIRELESS ZIMBABWE LIMITED

RESULTS PRESENTATION

for the half-year ended 31 August 2018

Digital Transformation

An **evolved** business model that creates **value** & endless **new opportunities**

EWZL OVERVIEW

Douglas Mboweni



VALUE CREATION

Douglas Mboweni



CASSAVA OVERVIEW

Eddie Chibi



FINANCIAL PERFORMANCE

Roy Chimanikire



LOOKING AHEAD

Douglas Mboweni



EWZL OVERVIEW

Douglas Mboweni
- Chief Executive Officer



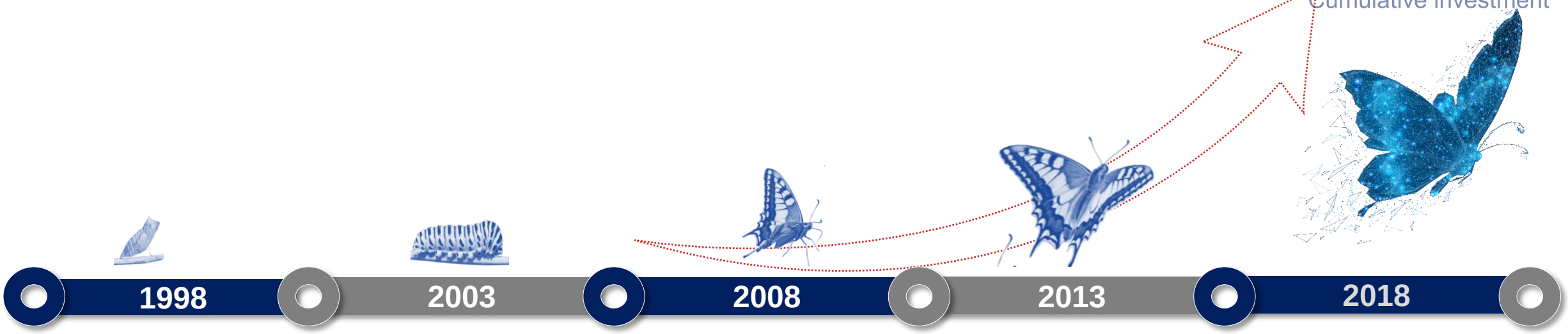


1. EWZL BUSINESS MODEL| A customer centric TMT digital services platform



2. TELECOMMUNICATIONS| 20 Years Of Transformation

+US$1.4 billion
Cumulative investment



1998

32k Subscribers

Voice SMS 2G GPRS

- Mobile network launch
- Zimbabwe Stock Exchange listing

2003

140k Subscribers

Voice SMS 2G GPRS

- Business Partna launch
- Installation of generators and rectifiers at base stations to counter load-shedding

2008

650k Subscribers

Voice SMS 2G GPRS; EDGE

- Econet 10th Anniversary
- 80 new base stations with data capabilities
- Broadened airtime distribution channel via retail – Innscor, OK, TM supermarkets

2013

8.02m Subscribers

Voice SMS 2G EDGE 3G HSPA Fintech

- Steward Bank acquisition
- Buddie Zone launched to maximize network investment
- Continued integration with major banking institutions on EcoCash

2018

11.4m Subscribers

Voice SMS Streaming 2G 3G 4G EDGE;HSPA; LTE Satellite TMT Fibre WI-FI Smartech

- Digital transformation
- Kwese - Multi-screen and multi-platform television platform
- Digital banking – deployment of Kwenga POS machines
- EcoSure Moovah – auto insurance disruption

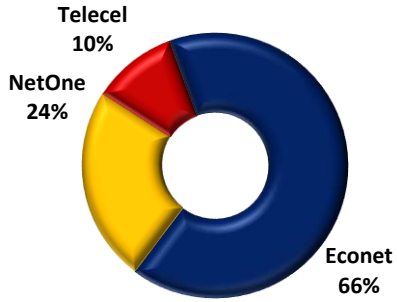
3. Telecoms Industry Overview | #1 Service provider

Fastest data speeds
Download 100 Mb/s
Upload 35 Mb/s
supporting video streaming, gaming

+54%
Smartphone Penetration

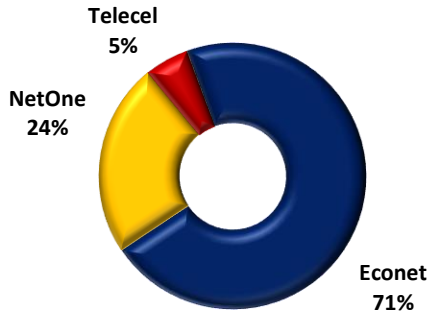
+90%
3G/4G population coverage

Subscriber Market Share



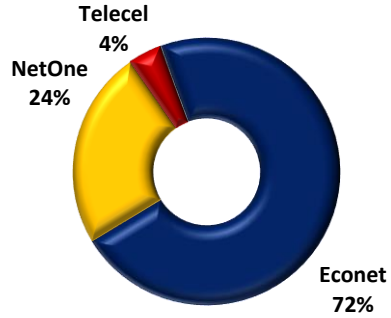
Source: POTRAZ Q2 2018 report

Voice Traffic Market Share



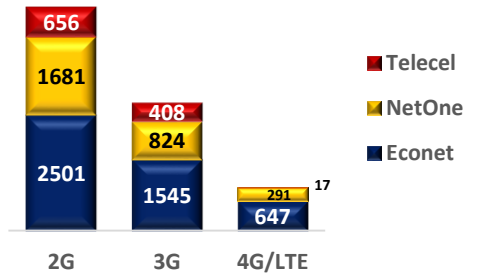
Source: POTRAZ Q2 2018 report

Data Traffic Market Share



Source: POTRAZ Q2 2018 report

Base Stations



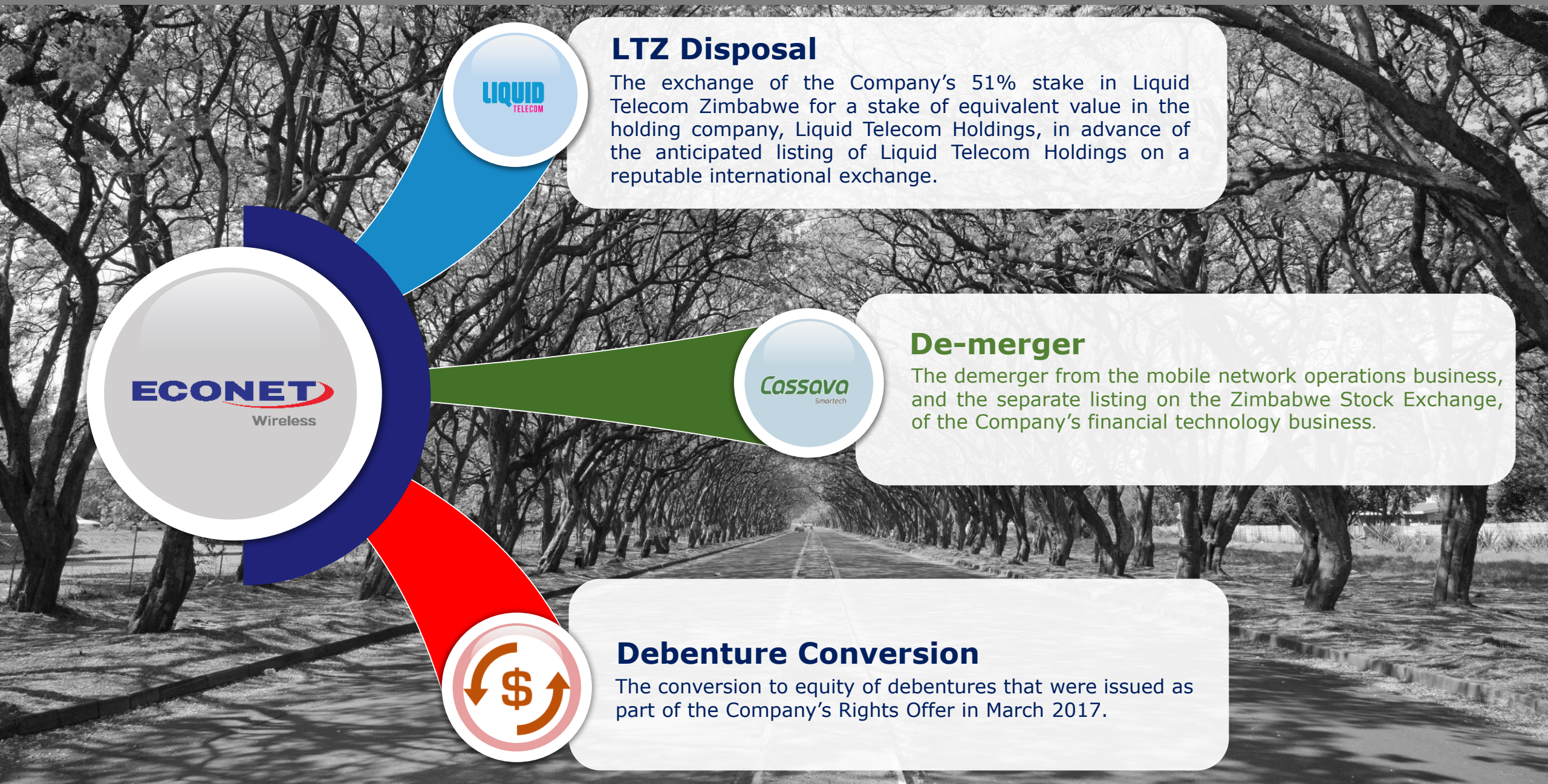
Source: POTRAZ Q2 2018 report

VALUE CREATION




ECONET
Wireless
Creating value is at the heart of everything we do
EcoCash
ACCEPTED HERE

4. Creating & Sustaining shareholder value|



LTZ Disposal

The exchange of the Company's 51% stake in Liquid Telecom Zimbabwe for a stake of equivalent value in the holding company, Liquid Telecom Holdings, in advance of the anticipated listing of Liquid Telecom Holdings on a reputable international exchange.

De-merger

The demerger from the mobile network operations business, and the separate listing on the Zimbabwe Stock Exchange, of the Company's financial technology business.

Debenture Conversion

The conversion to equity of debentures that were issued as part of the Company's Rights Offer in March 2017.

ECONET

CASSAVA SMARTECH



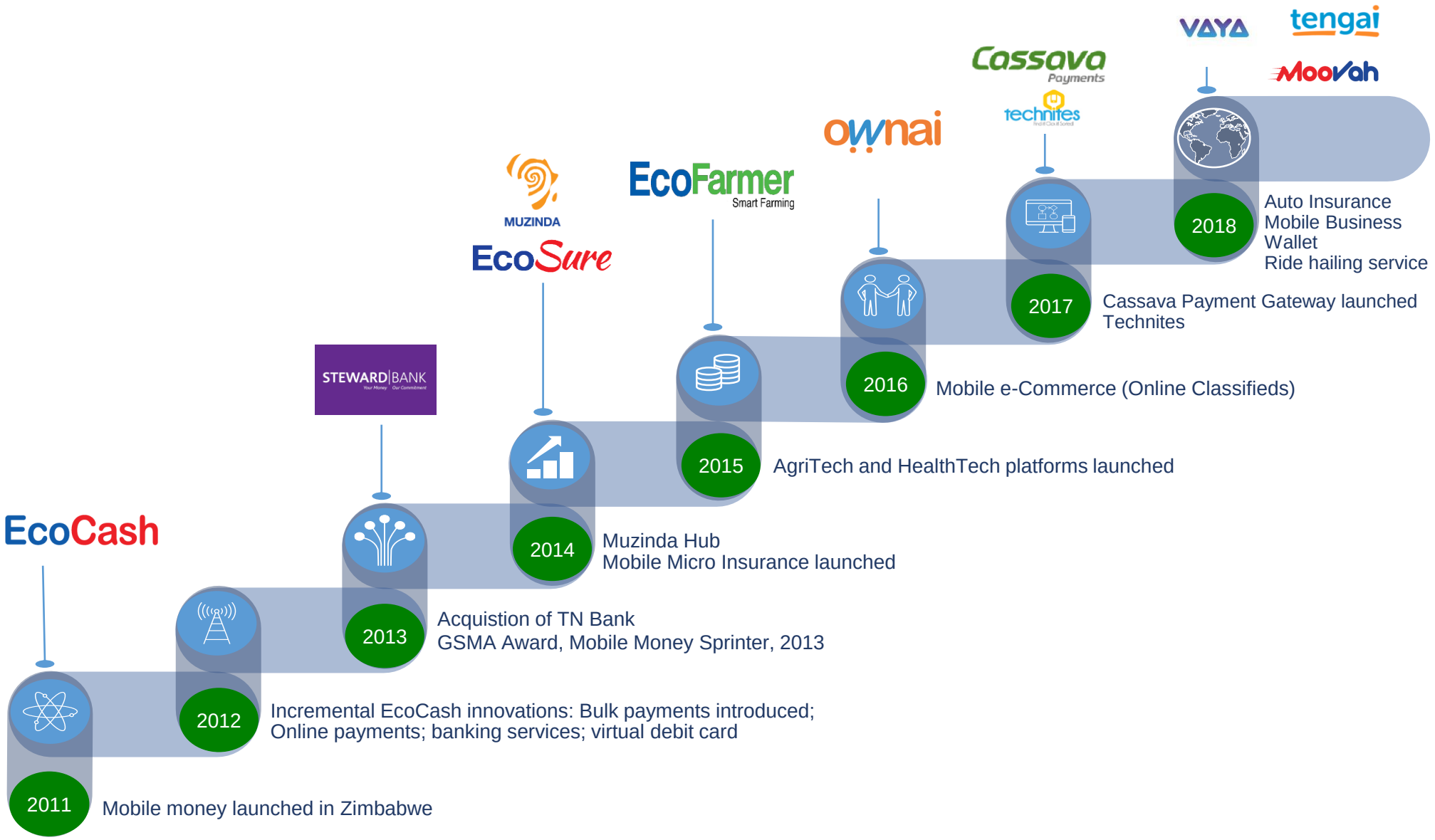
Eddie Chibi

- Chief Executive Officer




INTRODUCING
Cassava
Smartech

5. OUR JOURNEY | From Basic Mobile Money Transfer To Fully Fledged Smartech Business



LOOKING AHEAD

SOCIAL PAYMENTS

EcoSure Education

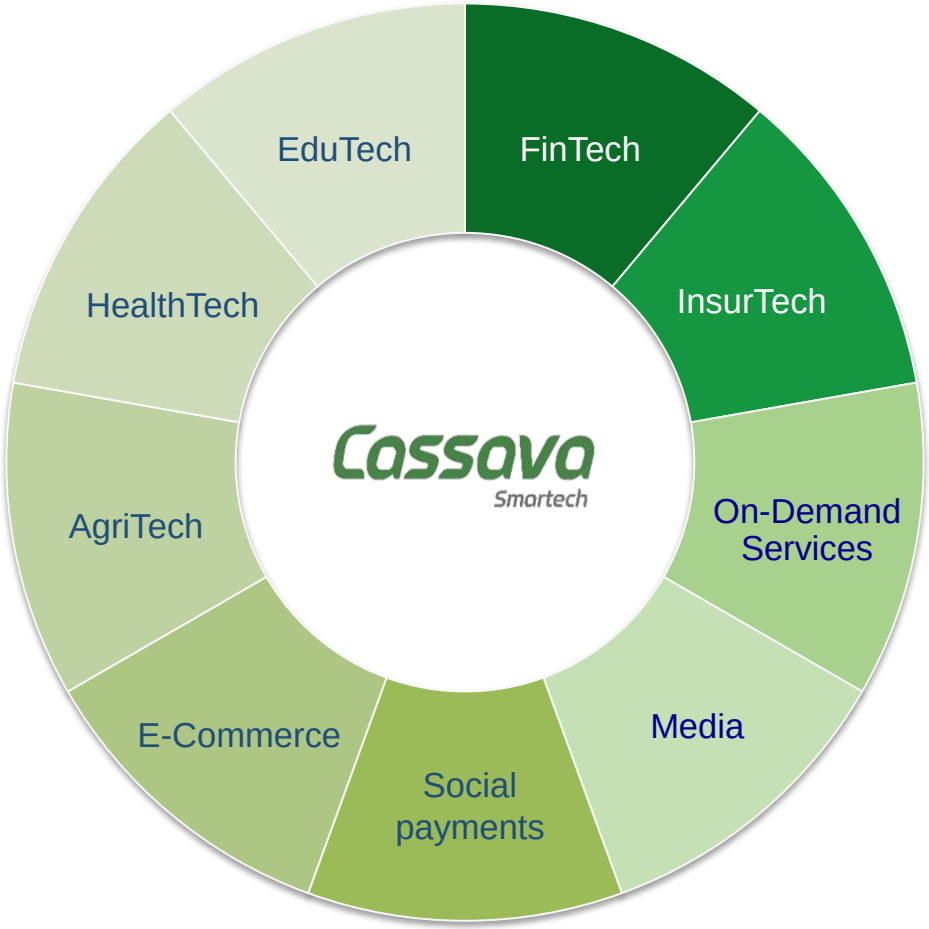
VAYA

KARGO

akello edutech

Cassava Analytics

Balanced portfolio of distinct, yet synergistic businesses, translating into an integrated business model



Provide digital solutions to all the people of Zimbabwe



Use innovative and inclusive digital solutions to drive socio-economic development and improve the overall quality of life for all Zimbabweans

Experimental

Disruptive

Perceptual

- 11.4 million Total Mobile Subscriptions
- 16 million Population
- 9.4 million Total Mobile Money Users
- About $1.2 billion remittance inflows into Zimbabwe
- +54% Smartphone penetration
- 80% Employed in Agriculture/Formal Sector
- 85% Mobile Phone Penetration
- 30% Bank Account Penetration
- 5% Insurance Penetration
- <5% e-Commerce Penetration

Source: ZimStat, IPEC, POTRAZ, RBZ, World Bank

9.


FINTECH
INCLUSIVE ACCESS
EcoCash
STEWARD|BANK
Cassava Payments
Cassava Remit

10.


INSURTECH
INCLUSIVE MOBILE MICRO-INSURANCE
EcoSure FUNERAL
MooVah
EcoSure HEALTH
EcoSure EDUCATION

11.


ON-DEMAND SERVICES
AT THE SPEED OF LIFE
VAYA
KARIGO
technites
tasknites

12.



13.



14.


MEDIA
MULTI-PLATFORM AND MULTI-CHANNEL OFFERINGS
KWESÉ iflix
KWESÉ PLAY

15.


EDUTECH
INCLUSIVE ACCESS TO
DIGITAL LEARNING FOR ALL
akello
books
MUZINDAhub
RUZIVO
Smart Learning
SiMBA

16.


HEALTHTECH
HEALTH AND WELL BEING IN A DIGITAL WORLD
Maisha Medik

17.


AGRITECH
TRANSFORMING THE LIVELIHOODS
OF SMALL HOLDER FARMERS
EcoFarmer
Smart Farming

18. OUR SUSTAINABLE COMPETITIVE ADVANTAGE | Key Enablers of Our Business

Synergies

Both within Cassava and other Econet Group entities

Integrated Business Model

An unmatched portfolio of integrated and inter-related Smartech products and services

Experience

Combined management experience 100+ years
Experience in structuring relationships between bank/ MNO and mobile money



Ecosystem

Rich ecosystem of partners connected to our digital platform– banks/ agents/ merchants/ aggregators

Big Data Analytics

Unparalleled access to big data sources, leveraging own and 3rd-party networks in Zimbabwe

Strategic Partnerships

We leverage exclusive licensing arrangements with best-in-class global Tech companies to bring world-class use cases on our platforms

Innovation

Unique/ award-winning innovations that address customer needs, e.g. Savings Club, Burial societies.

Technology

World-class technical platforms, designed to leverage latest technologies.
In-house R&D capabilities

FINANCIAL PERFORMANCE

Roy Chimanikire
- Finance Director







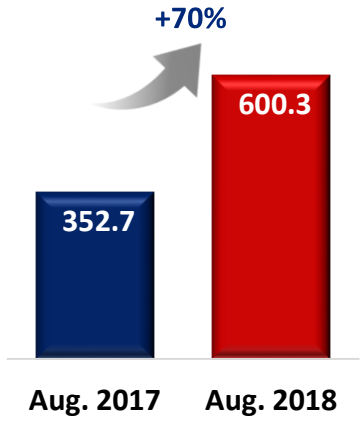
EWZL GROUP CONSOLIDATED RESULTS

Digital Transformation

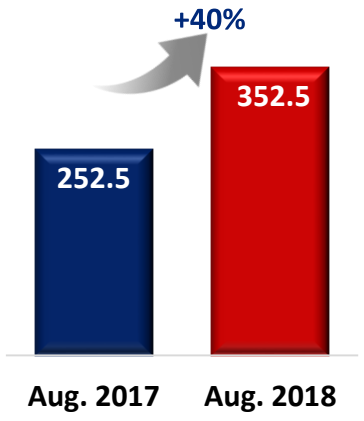
An **evolved** business model that creates **value** & endless **new opportunities**

19. Financial Highlights | Continued exceptional performance in challenging conditions

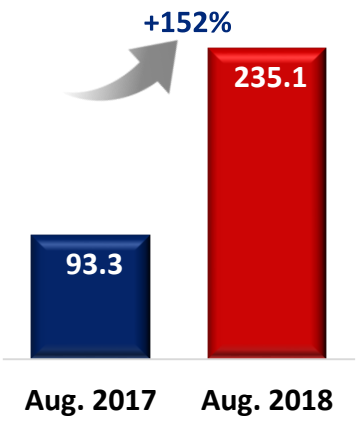
Total Revenue (US$ m)



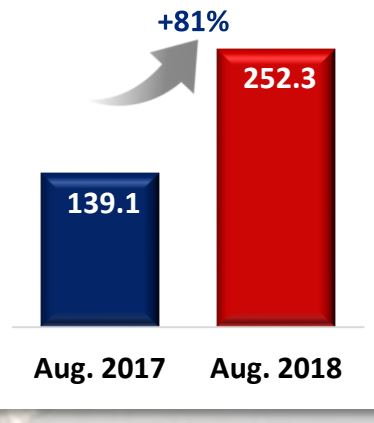
MNO Revenue (US$ m)



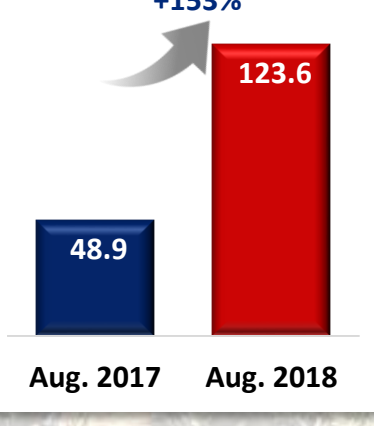
SmarTech Revenue (US$ m)



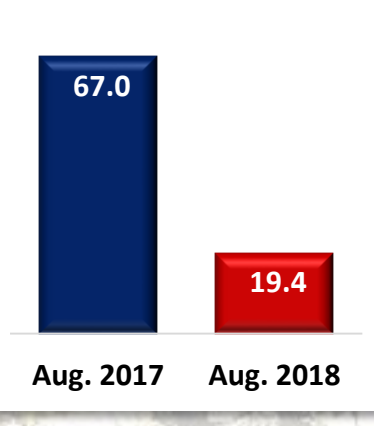
EBITDA (US$ m)



PAT (US$ m)

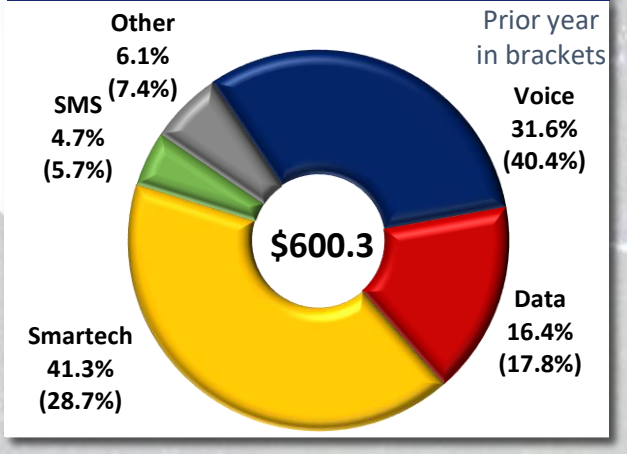


CAPEX (US$ m)

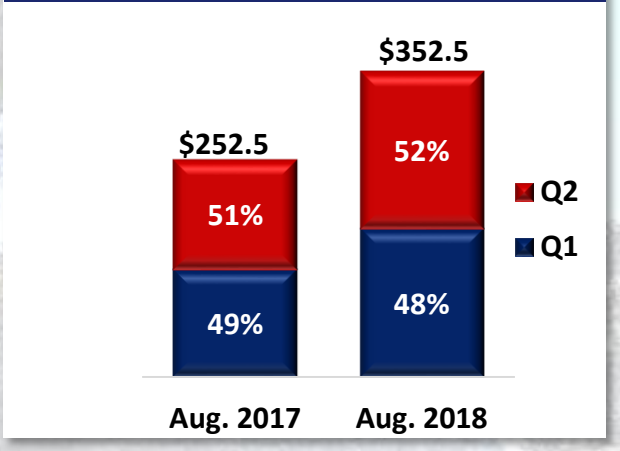


20. Revenue Highlights | Growing new businesses & creating shareholder value

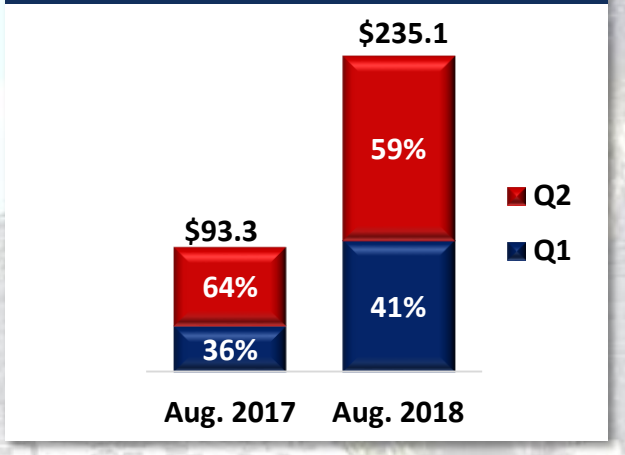
Revenue Composition



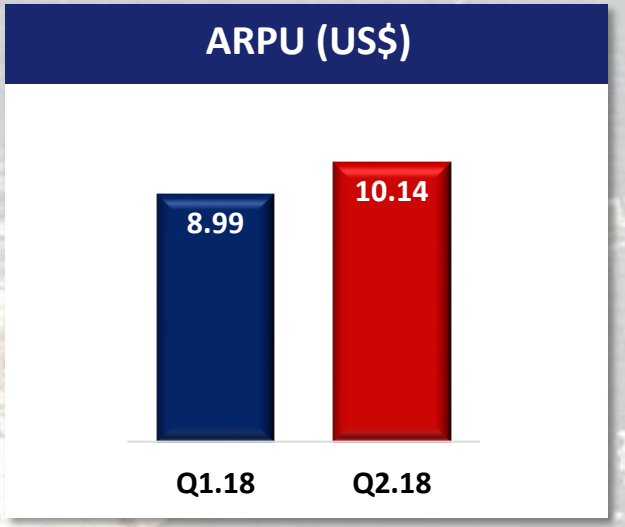
MNO Revenue (US$ m)



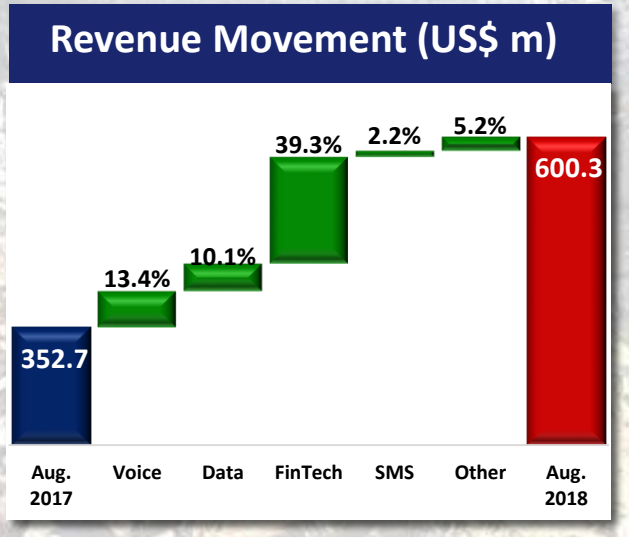
SmarTech Revenue (US$ m)



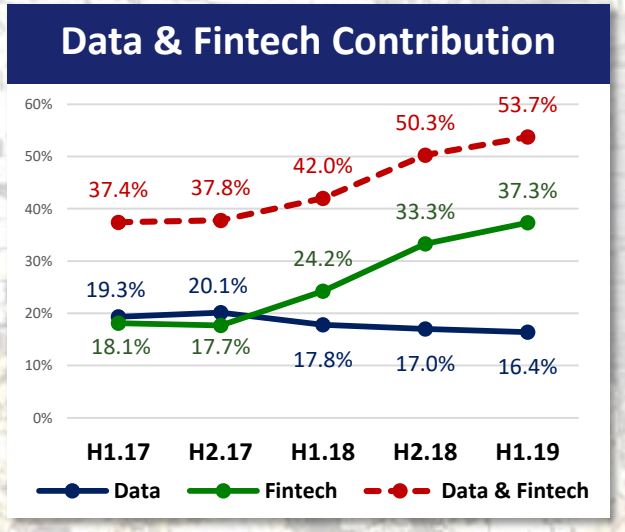
ARPU (US$)



Revenue Movement (US$ m)



Data & Fintech Contribution



Source: POTRAZ Q2 2018 report

21. MNO Highlights | Exceptional performance

+40.2%

Revenue

$352.5 million

+56.8%

Data Revenue

$98.3 million

+6 million

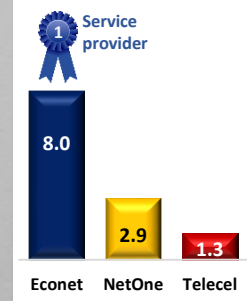
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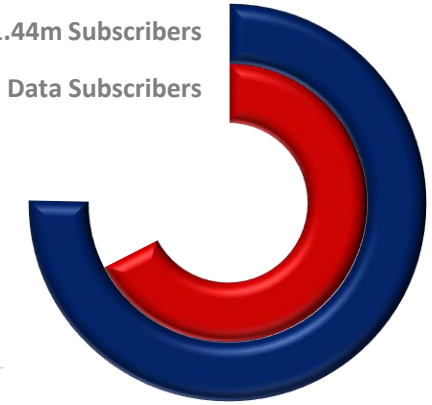
Telecommunications

11.44m Subscribers

10.8m Data Subscribers

Service provider



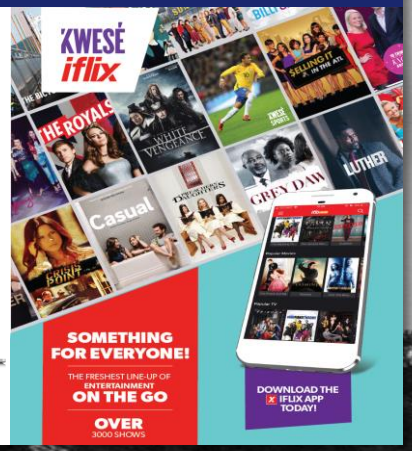


Investment

- **Widest network coverage**
- **Modern call centre**
- **Regionalisation Strategy**
- **Customer analytics driven personalised offers**

Media





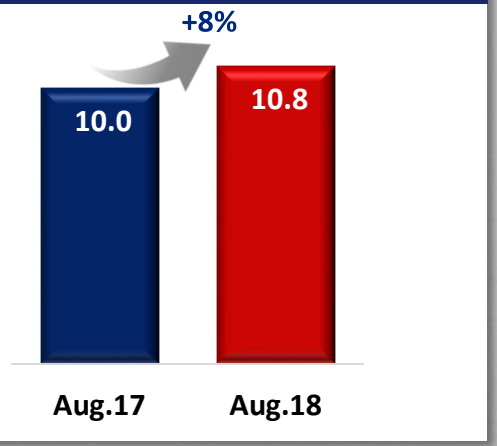
Technology

DIGITAL TRANSFORMATION

- **IT modernisation**
  Major Systems upgrade
- **Digital transformation**
  My Econet App
  Virtual call centre
  Personalised offers
- **Best Network**
  Widest coverage
  Fastest data speeds;

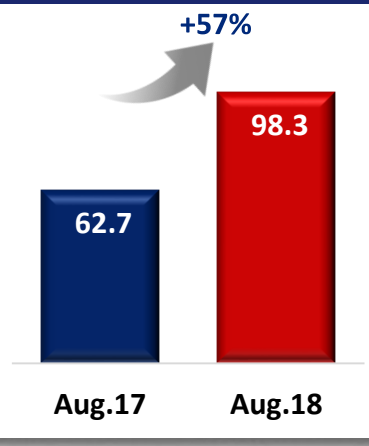
22. Data Revenue | Digital transformation driving growth

Data Subscribers (m)

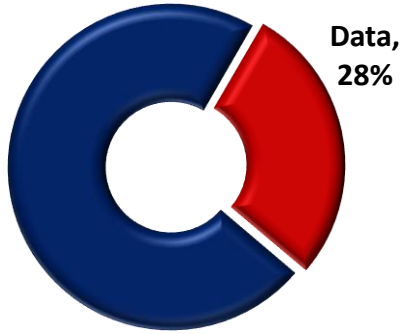


Source: Internal data

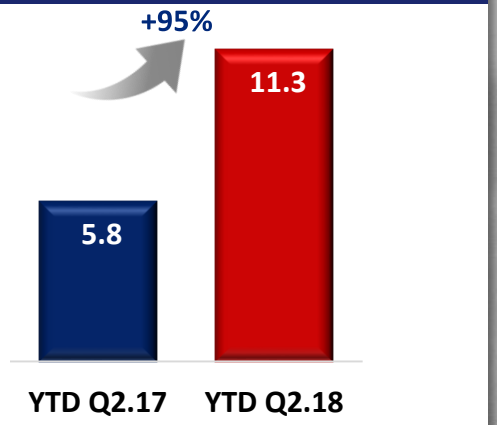
Data Revenue (US$ m)



Data Contribution to MNO Revenue

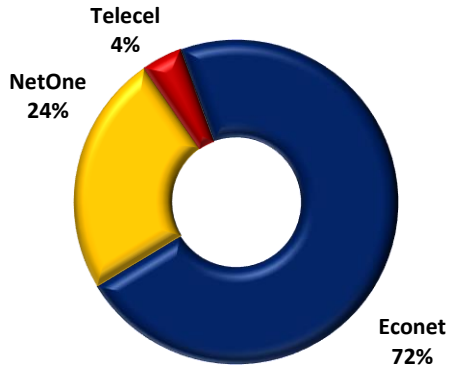


Industry Data Traffic (TB)



Source: POTRAZ Q2 2018 report

Data Traffic Market Share



Source: POTRAZ Q2 2018 report

Data Capacity & Speeds

Fastest upload and download speeds in the country.

Download 100 Mb/s
Upload 35 Mb/s

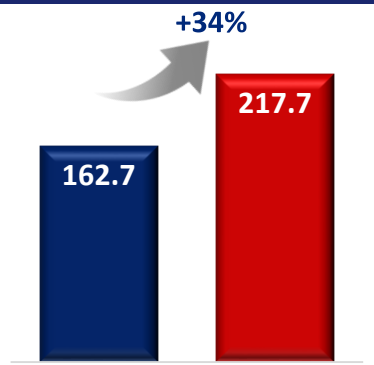


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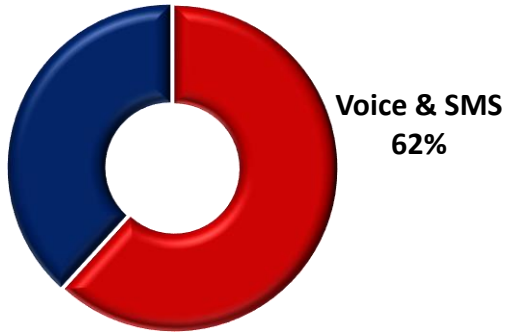
23. Voice & SMS Revenue | #1 Service provider in the country



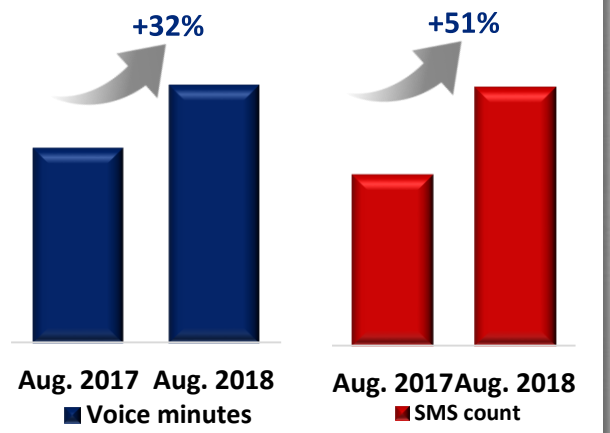
Voice & SMS Revenue (US$ m)



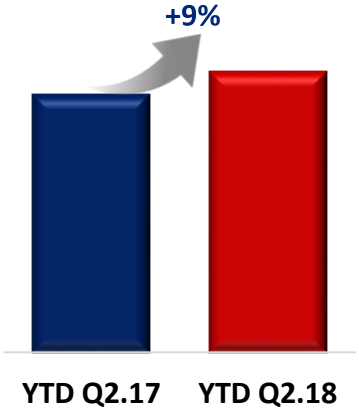
Voice & SMS Contribution to MNO Revenue



Revenue Drivers

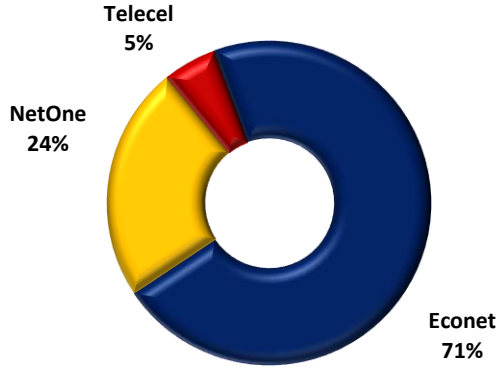


Industry Voice Traffic (MOU)



Source: POTRAZ Q2 2018 report

Voice Traffic Market Share



Source: POTRAZ Q2 2018 report



24. SmarTech Highlights | Exceptional performance

GLOMO AWARDS Best Mobile Payment Solution for 2017

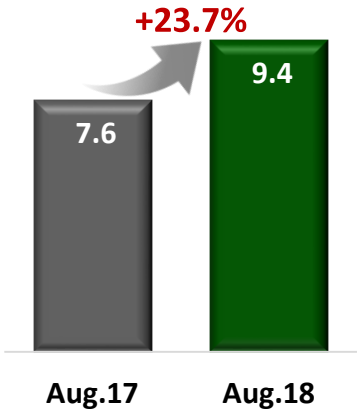
Cassava Smartech

+80%
of adult population financially included

+25 million
Insurance claims paid out to 100,000 households

+2 million
Low cost bank accounts opened with iSave & EcoCash Save

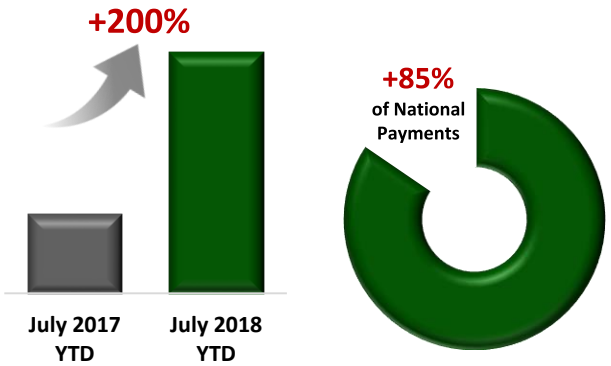
EcoCash Subscribers



Investment in New Innovations

Business wallet	EcoCash Business Wallet	Moovah	Motor vehicle insurance
P2P ride sharing	VAYA	Kwenga	Mobile point of sale
Crowd Funding platform	KANZATU-NZATU	QR Pay	QR code payments

Growth Drivers



Source: RBZ

Ubiquitous mode of payment

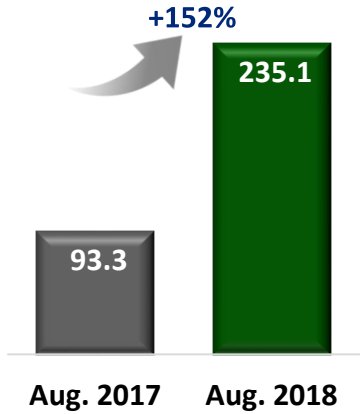


Financial Inclusion

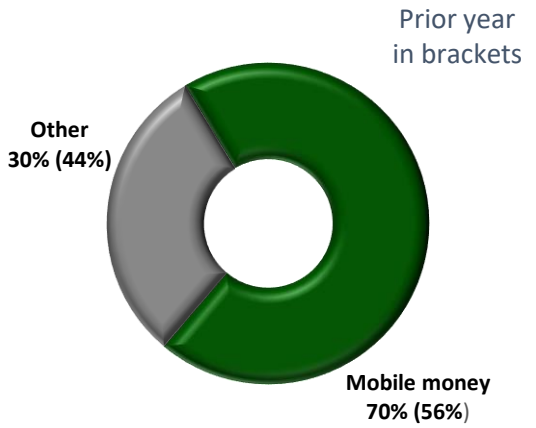
+80%

Of adult population financially included through mobile money services

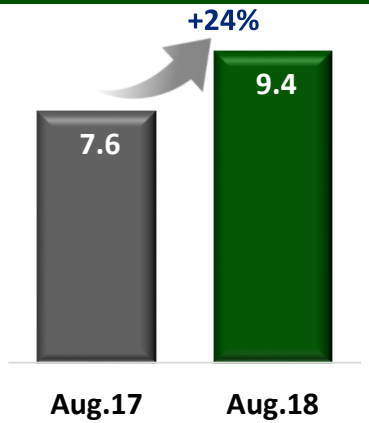
SmarTech Revenue (US$ m)



Mobile Money Contribution



EcoCash Subscribers



Source: Internal data

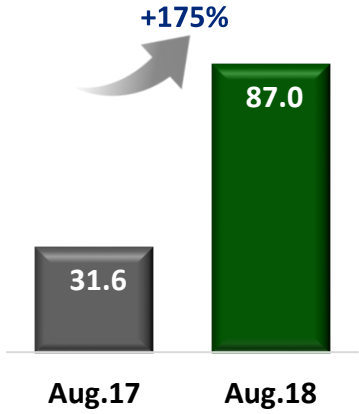
EcoCash Transaction Values

+215% YoY



Source: Internal data

EcoCash Merchants (Thousands)



STEWARD BANK

+103%

Net operating income

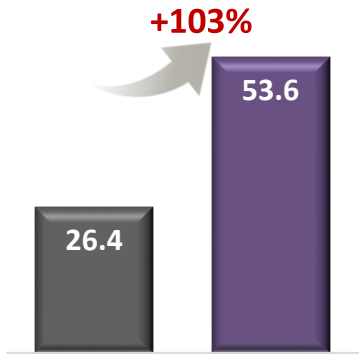
82%

Liquidity ratio

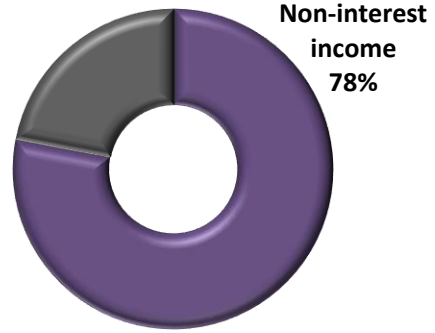
52%

Cost to income ratio

Net Operating Income



Non-interest income contribution to Steward Bank Revenue



Capital

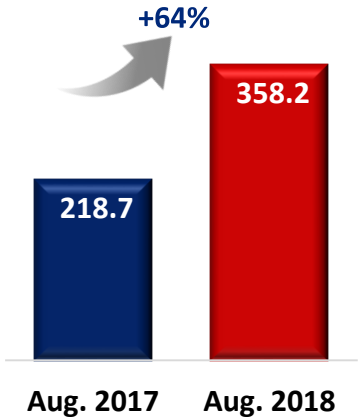


Mobile POS Solution

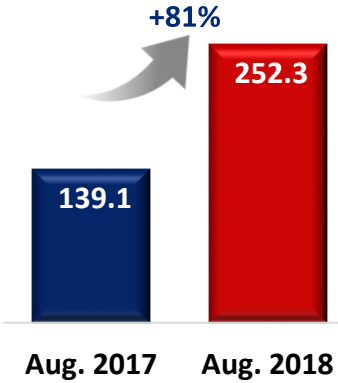


27. Total Costs & Profitability | Continued cost optimisation & improvement in operating margins

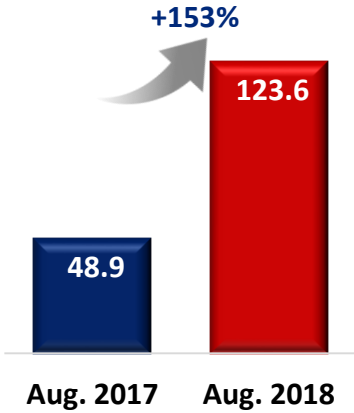
Total Costs (US$ m)



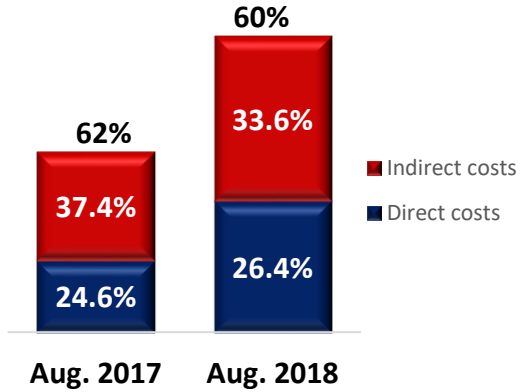
EBITDA (US$ m)



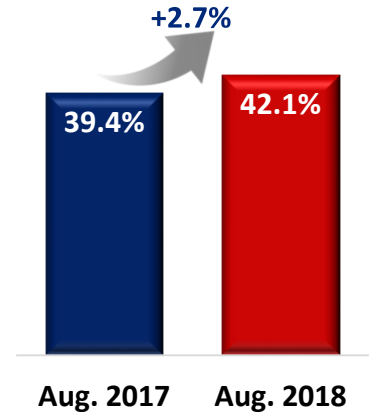
PAT (US$ m)



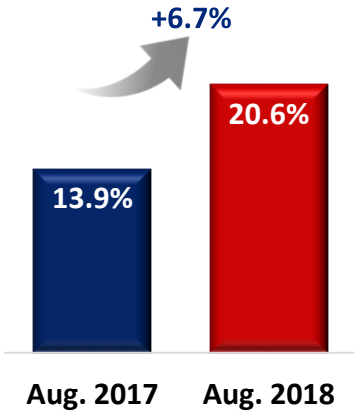
Costs Contribution



EBITDA Margin

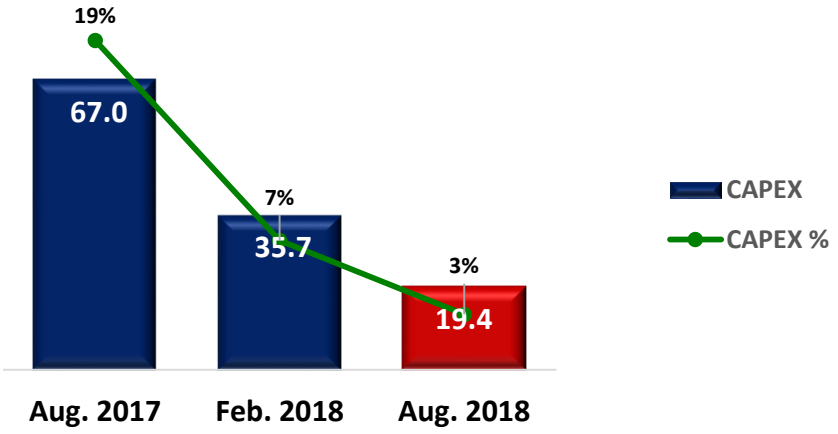


PAT Margin

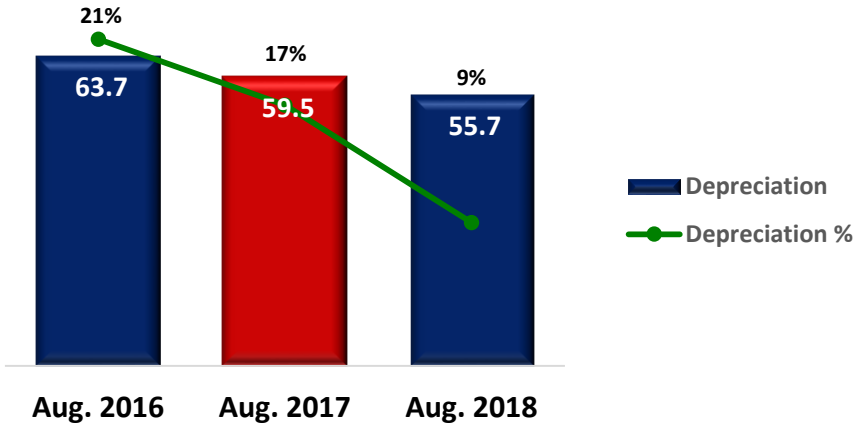


28. Capital Investment | Limited but effective CAPEX deployment

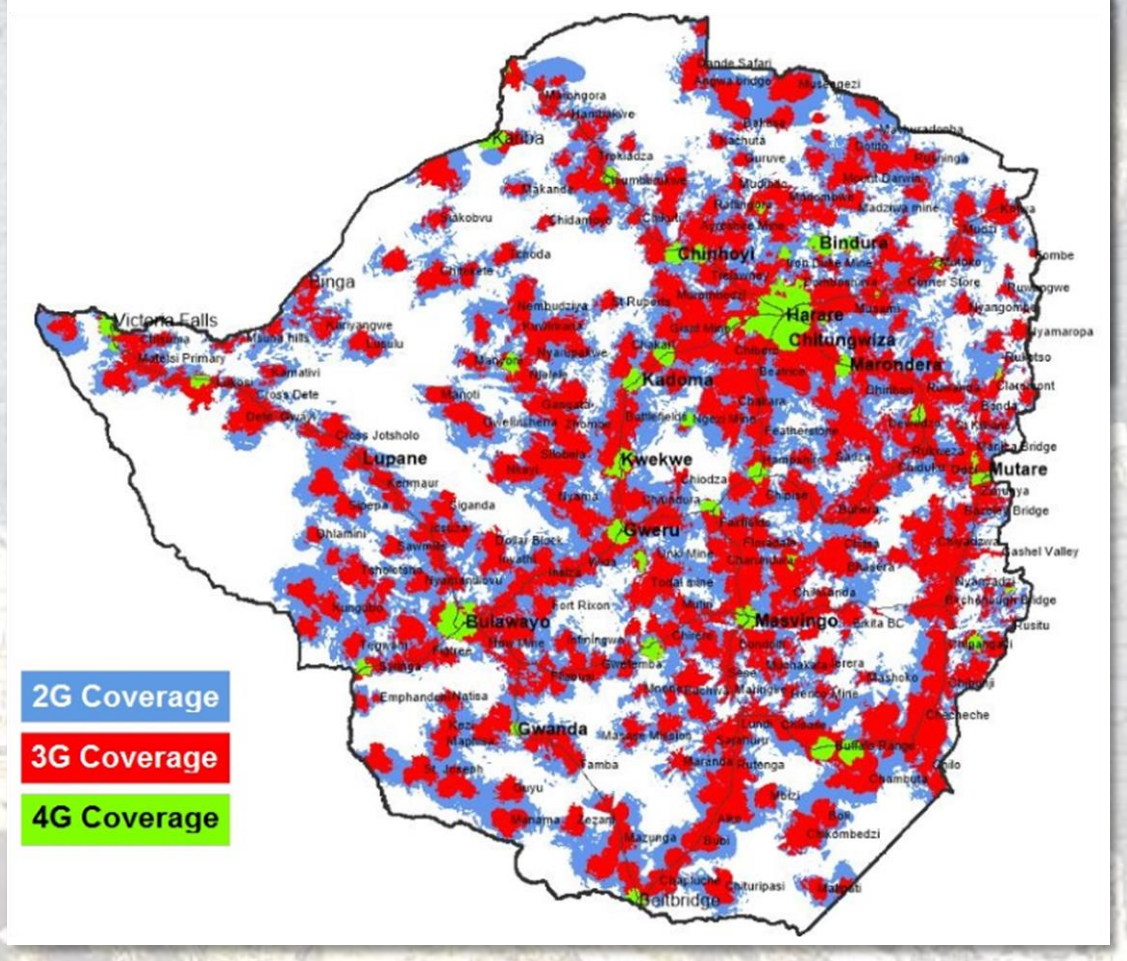
CAPEX (US$ m)



Depreciation (US$ m)

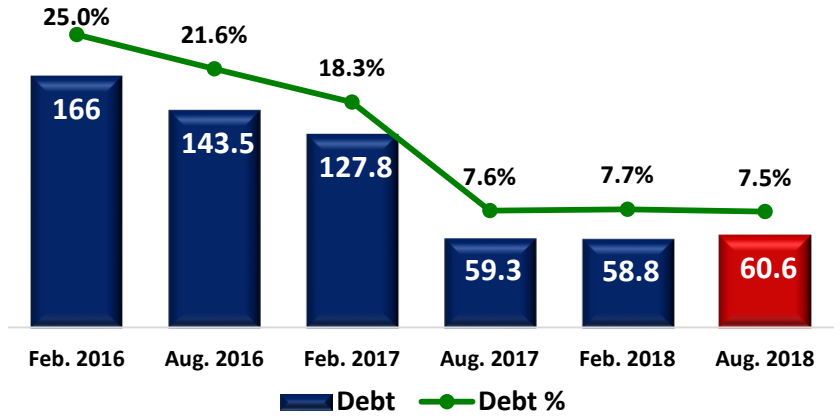


Network Coverage Map



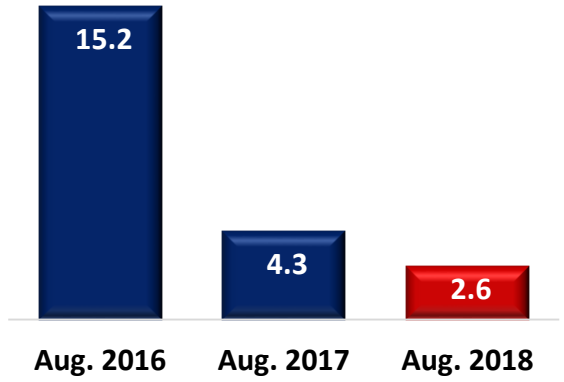
29. Borrowings | Innovative financing solutions & increasing return to shareholders

Debt Evolution (US$ m)

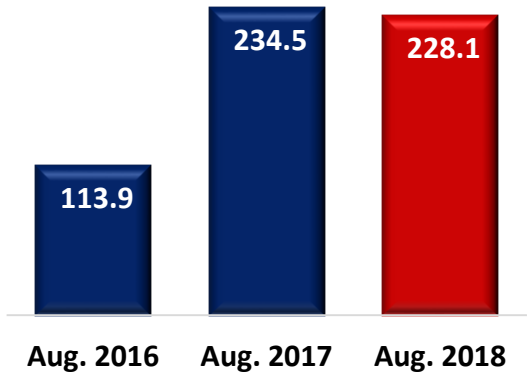


**Total issued shares post the rights offer = 2,590,576,832 shares*

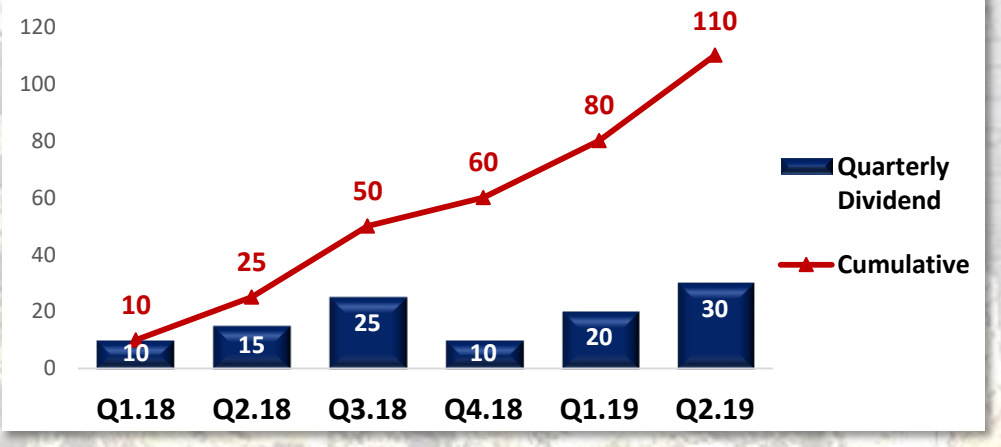
Finance Costs

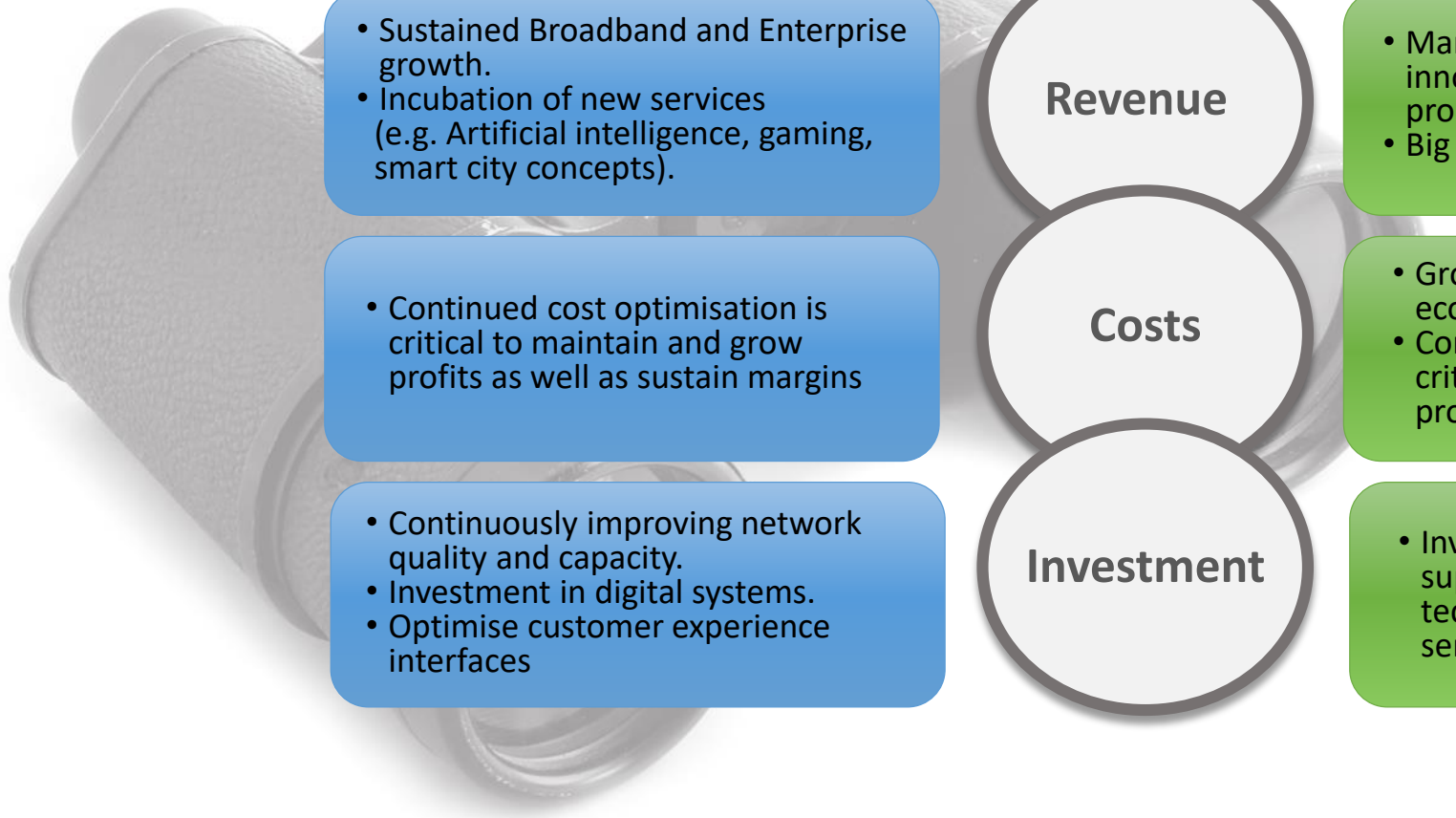


Cash flow from operations



Dividend paid since rights offer (US$ m)





MNO Operations		SmarTech Operations
• Sustaining shareholder value under prevailing economic conditions. ➢ Sale of 51% stake in LTZ ➢ Debenture Conversion	Shareholder Value growth & protection	• Growing shareholder value under prevailing economic conditions. ➢ Demerger & listing of SmarTech business
• Sustained Broadband and Enterprise growth. • Incubation of new services (e.g. Artificial intelligence, gaming, smart city concepts).	Revenue	• Market leadership through innovation and insight driven value propositions. • Big Data optimisation.
• Continued cost optimisation is critical to maintain and grow profits as well as sustain margins	Costs	• Grow operations to benefit from economies of scale • Continued cost optimisation is critical to maintain and grow profits as well as sustain margins.
• Continuously improving network quality and capacity. • Investment in digital systems. • Optimise customer experience interfaces	Investment	• Investment in digital platforms to support a broad array of technology enabled on-demand services.

31. STAKEHOLDER VALUE CREATION | Impacting the nation and our communities

ECONET Wireless



OUR CUSTOMERS

+80%

Of addressable population financially included through EcoCash and digital banking services

OUR BUSINESS PARTNERS

+US$400m

Paid to agents and dealers in commission since 2009

OUR SUPPLIERS

+US$3.6bn

Cumulative payments to local suppliers of goods and services since 2009

OUR PEOPLE

+100 000

Jobs created directly & indirectly

OUR ECONOMY

+US$1.4bn

Infrastructure investment since 2009

OUR GOVERNMENT

+US$1.7bn

Fiscal & statutory payments made to the government and its agencies since 2009

FOREIGN CURRENCY GENERATION

+US$300M

Remitted to Zimbabwe through EcoCash since launch in 2011

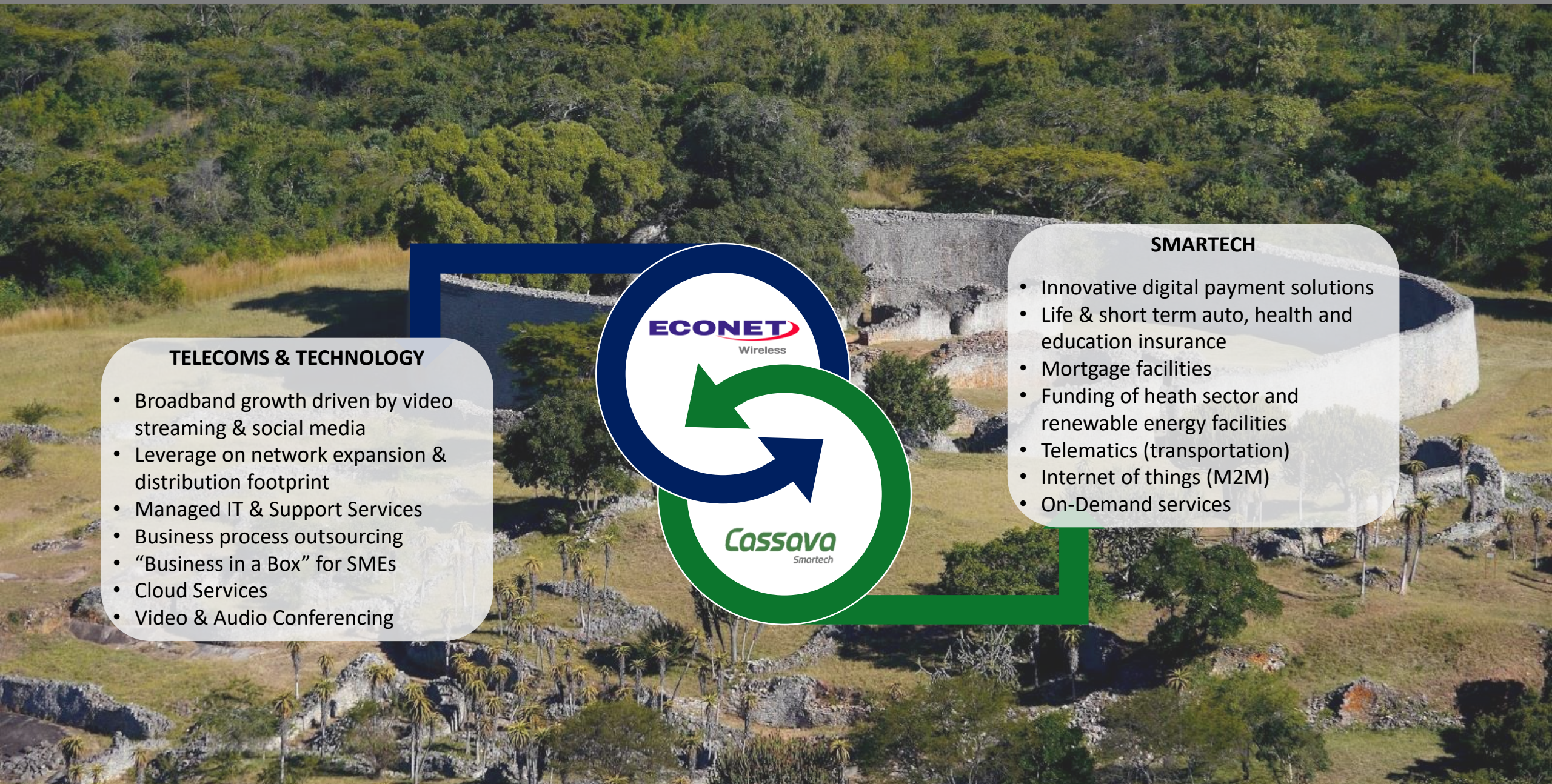
OUR SHAREHOLDERS

+US$230m

Dividend paid since 2009

LOOKING AHEAD





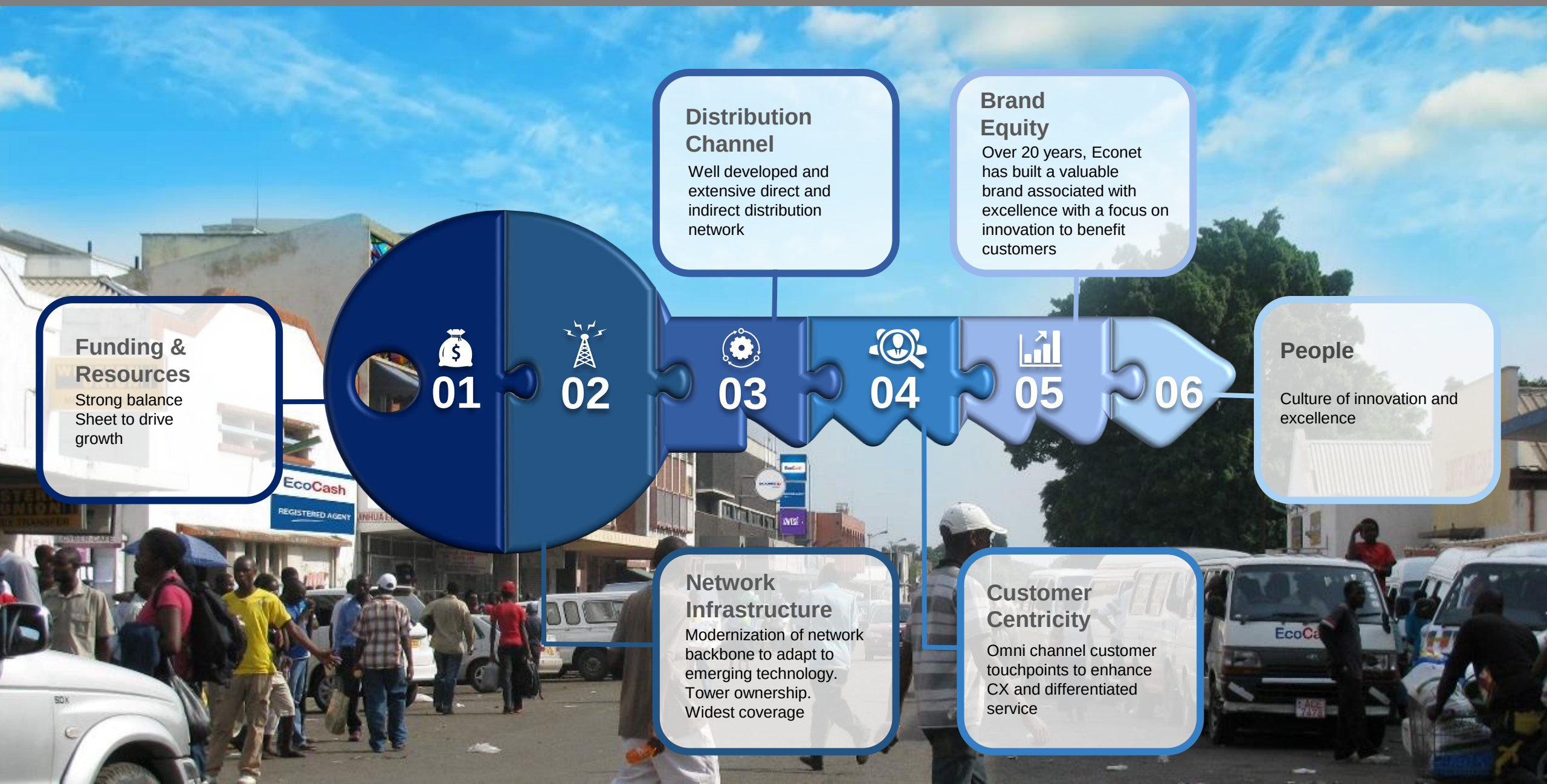
TELECOMS & TECHNOLOGY

- Broadband growth driven by video streaming & social media
- Leverage on network expansion & distribution footprint
- Managed IT & Support Services
- Business process outsourcing
- “Business in a Box” for SMEs
- Cloud Services
- Video & Audio Conferencing

SMARTECH

- Innovative digital payment solutions
- Life & short term auto, health and education insurance
- Mortgage facilities
- Funding of heath sector and renewable energy facilities
- Telematics (transportation)
- Internet of things (M2M)
- On-Demand services

33. STRATEGIC ADVANTAGE | Key performance enablers



APPENDICES



i) Reviewed Consolidated Statement of Comprehensive Income

(All figures in US$ 000)	Reviewed 31 August 2018	Reviewed 31 August 2017	Y-o-Y % Change
Revenue	**600,272**	**352,676**	**70%**
Earnings before interest, taxation, depreciation and amortisation	252,253	139,105	81%
Depreciation, amortisation and impairment	(55,744)	(59,517)	-6%
Profit from operations	**196,509**	**79,588**	**147%**
Net Finance costs	(2,589)	(4,310)	-40%
Profit before taxation	**193,920**	**75,278**	**158%**
Taxation	(70,361)	(26,424)	166%
Profit for the half year	**123,559**	**48,854**	**153%**
Profit for the half year attributable to:			
Equity holders of the parent	132,215	48,794	171%
Non-controlling interest	(8,656)	60	n/a
Profit for the half year	**123,559**	**48,854**	**153%**

ii) Reviewed Consolidated Statement of Financial Position

(All figures in US$ 000)	Reviewed 31 August 2018	Reviewed 31 August 2017
ASSETS		
Property, plant and equipment, intangible assets and goodwill	652,080	688,508
Other non-current assets	83,748	72,982
Financial instruments	1,108,973	764,852
Other current assets	14,613	9,387
Total assets	**1,859,571**	**1,538,063**
EQUITY AND LIABILITIES		
Share capital and share premium	96,371	96,371
Retained earnings	722,097	661,684
Other reserves	5,473	8,862
Non-controlling interests	(13,568)	(4,923)
Total equity	**810,373**	**761,994**
Deferred taxation	71,365	80,089
Other non current liabilities	9,588	9,219
Interest-bearing debt	60,606	58,805
Other financial instruments	823,410	590,415
Other current liabilities	84,229	37,541
Total liabilities	1,049,198	776,069
Total equity and liabilities	**1,859,571**	**1,538,063**

iii) Reviewed Consolidated Statement of Cashflow

(All figures in US$ 000)	Reviewed 31 August 2018	Reviewed 31 August 2017
Cash generated from operations	**289,725**	**257,409**
Income tax paid	(61,620)	(22,887)
Net cash generated from operations	**228,105**	**234,522**
Investing activities		
Acquisition of property, plant and equipment and intangible assets	(19,375)	(66,955)
Net acquisition of financial instruments	(67,620)	(82,401)
Net cash used in investing activities	**(86,995)**	**(149,356)**
Cash flows from financing activities		
Finance costs paid	(1,073)	(5,340)
Dividend paid	(40,800)	(7,170)
Share buy-back	(38,602)	(3,463)
Increase in deposits due to banks and customers	217,751	95,890
Repayment of borrowings	(604)	(122,592)
Issue of share capital and premium	11	-
Proceeds from rights issue	-	105,091
Net cash flows (used in)/from financing activities	**136,683**	**62,416**
Net increase in cash and cash equivalents	277,793	147,582
Cash and cash equivalents at the beginning of the year	350,190	185,863
Cash and cash equivalents as at 31 August 2018	**627,983**	**333,445**

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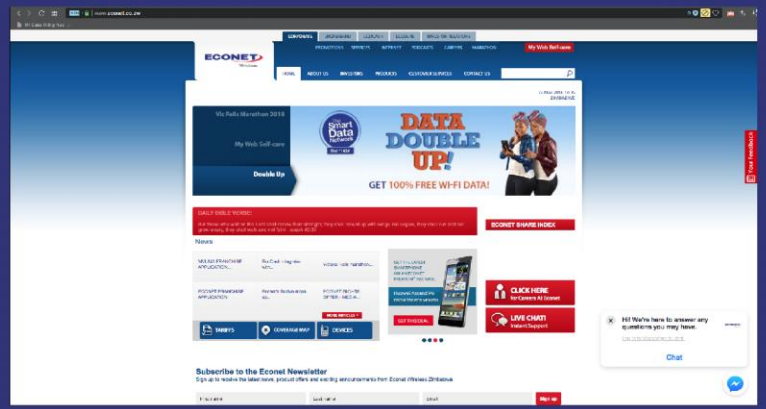
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www.econet.co.zw

Contact us

ir@econet.co.zw
Tel: +263 4 486121/6
Fax: +263 4 486120/486867

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