

# PAYGo PERFORM: Industry Trends

H2 2020 to H2 2022



# Disclaimer

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# Trends Snapshot

# ATLAS data and growth Snapshot

Total outstanding receivables

\$708M

Total number of customers

5M

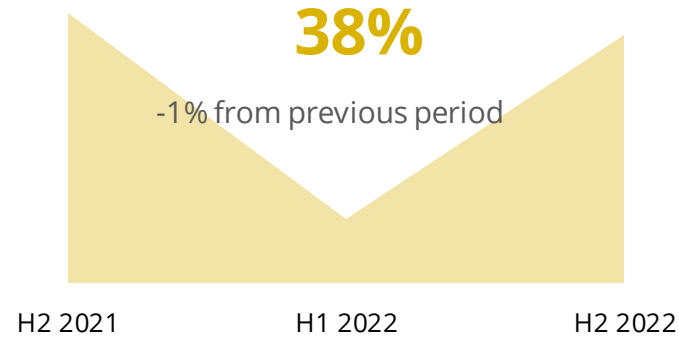
Market share, over GOGLA database

79%

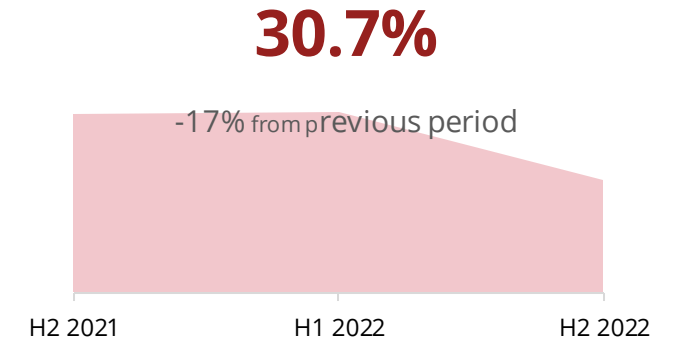
Number of country firms

38

Growth in Outstanding receivables



Growth in Customers YoY%



## PPM Market coverage

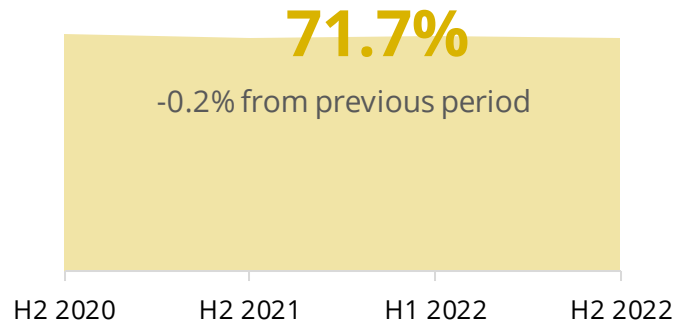
- As measured by total Outstanding receivables, market coverage of the PAYGo PERFORM Monitor (PPM) on ATLAS is at \$708M (+\$95M from \$613m in H1 2022), representing 79% of the PAYGo market.
- In total, there is data for 38 unique country firms. One country firm is one company incorporated in one country of operation (i.e. multiple country firms may belong to one international group).

## Portfolio growth

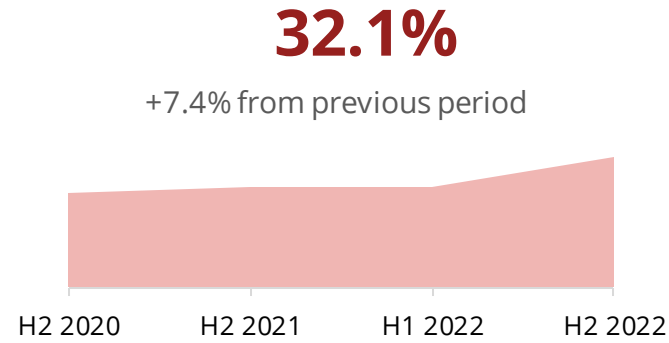
- YoY growth remains high in terms of **Outstanding receivables**, but shows a degree of cyclicity during H1 2022.
- Growth in the number of customers** has declined relative to 2021, but remains high in absolute terms at 30.7%.

# Trends Snapshot

### Collection rate



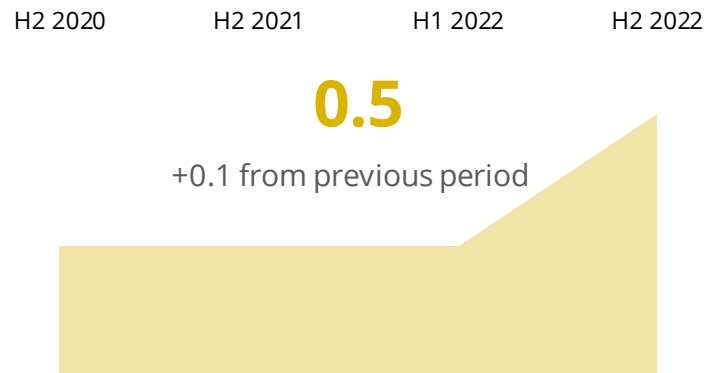
### RAR 30 + write-off ratio



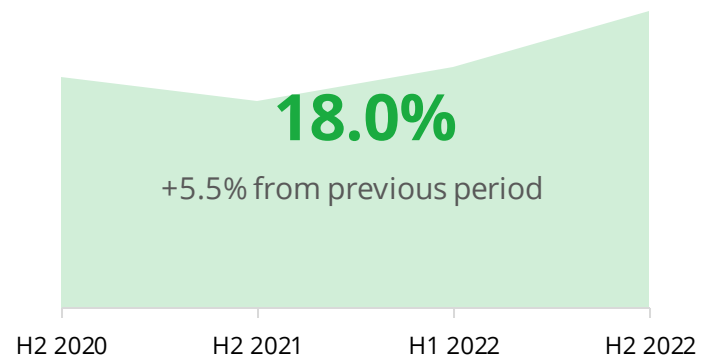
### Overall trends

- **Collection rate** remained stable at 71.7% and has not changed since the previous period.
- **RAR30 + Write-off** increased to 32.1% in H2 2022 from 21.0% in H1 2022.
- **Equity to assets** increased by 5% from H1 2022 (13%) to H2 2022 (18%).
- **EBT margin** continues to show a positive trend, increasing by 19.7% from H1 2022 (-40%) to H2 2022 (-20%).

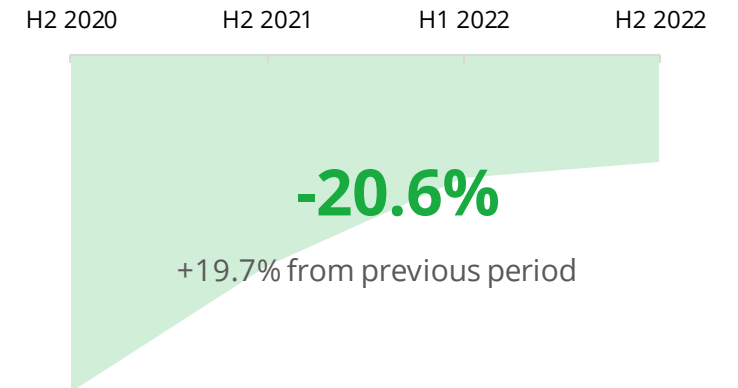
### Liquidity <90 days / Total cost



### Equity to assets ratio



### EBT margin (cashflow)





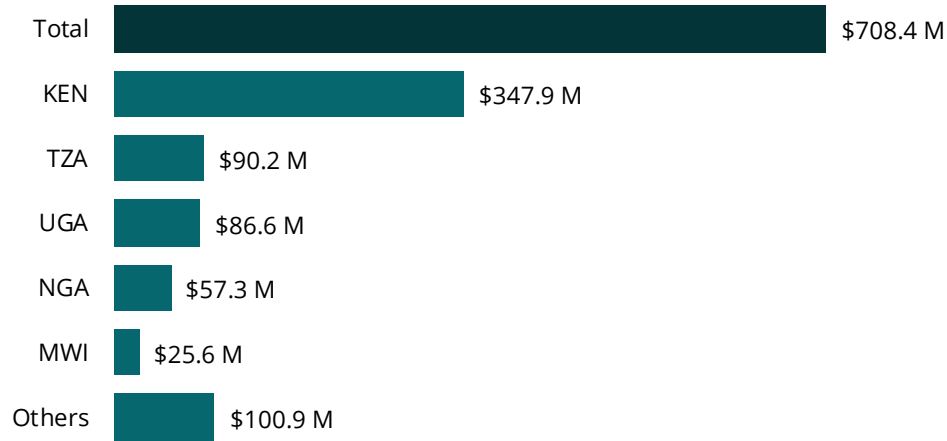
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# Market Size



# Portfolio and Growth

## Outstanding receivables - country breakdown



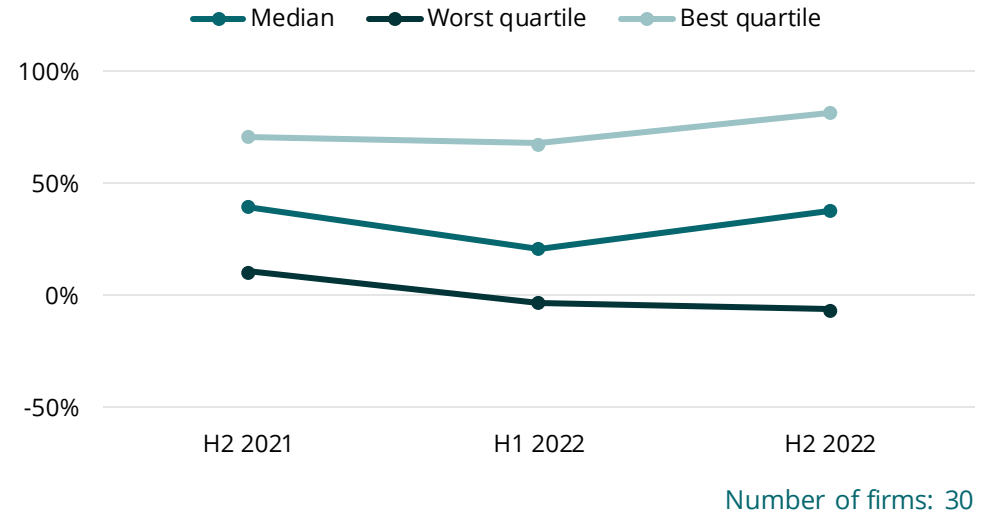
### Market size

- The three leading countries according to the portfolio size are Kenya (\$348M), Tanzania (\$90M) and Uganda (\$87M).

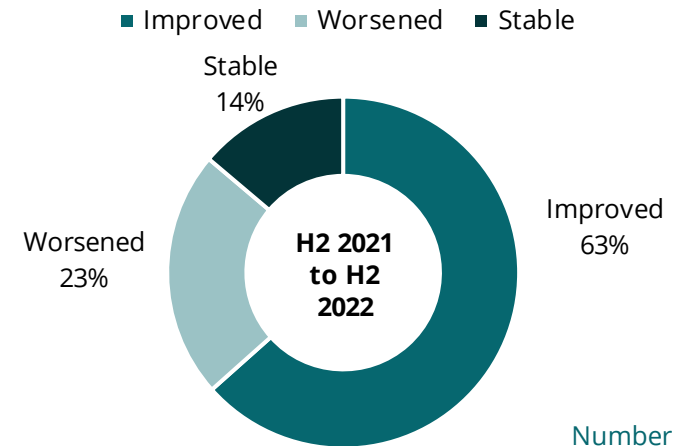
### Portfolio growth

- On average, portfolio growth remains high in H2 2022. Both the median and best quartile have increased their growth in Outstanding receivables to levels observed in 2021. However, the worst quartile has continued to decrease, reaching -6% in H2 2022.
- Compared to 2021, 63% of 31 firms improved their performance, 14% remained stable, and 23% have a decline in portfolio growth.

## Portfolio growth - Quartile performance



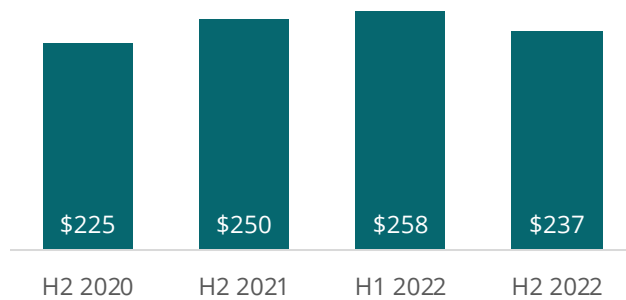
## Portfolio growth - 1-year change by firm



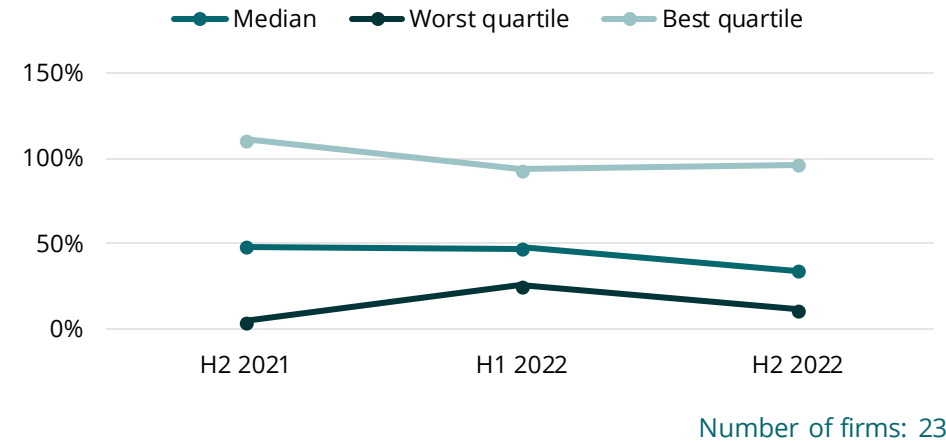


# Customers and Growth

Average Outstanding balance per customer (median)

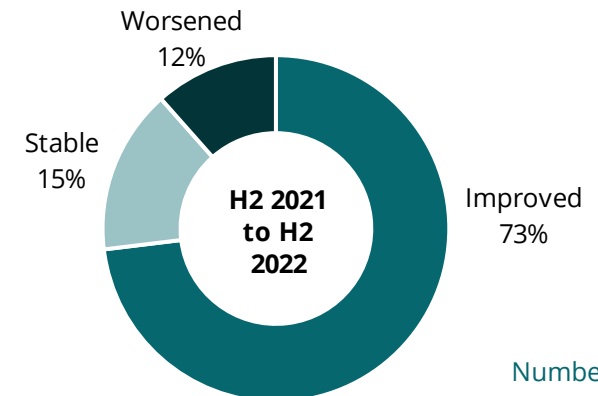


Customer growth - Quartile performance



Customer growth - 1-year change by firm

Improved Stable Worsened



## Market size

- The median **Average contract amount** is within the \$225-\$258 range in 2020-2022, decreasing marginally by -5.2% in the last period.

## Customer growth

- Customer growth remains high in absolute terms (34%), despite a relative decline from H1 2022 (47%).
- In contrast to portfolio growth, the median follows the trend of the worst quartile, however, this could be attributed to the different sample sizes.



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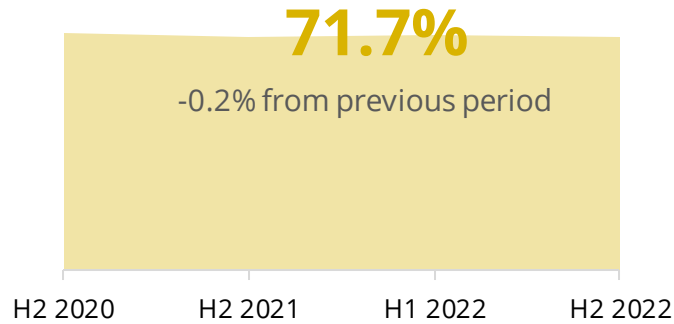
# Portfolio Quality



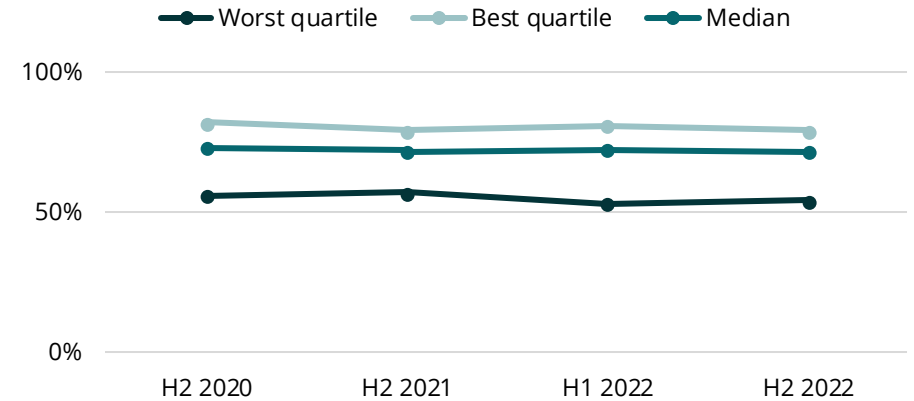


# Collection rate trends

## Collection rate



## Collection Rate - Quartile Performance

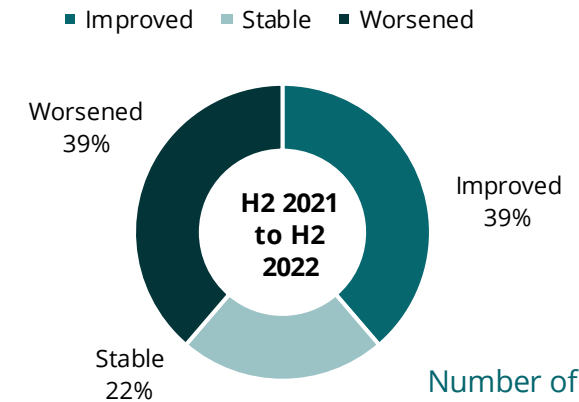


Number of firms: 28

### Collection rate

- Median of 72% for both H1 and H2 2022, which is in line with collection rates in 2020 and 2021.
- According to the quartile performance: the best and worst quartile are both stable at 79% and 54% respectively.
- The distance of the worst quartile from median and best quartile reflects the high variation between firms: some firms display higher levels, others very low levels.
- Compared to 2021, 39% of 31 firms improved their performance, 23% remain stable and 39% are getting worst.

## Collection rate - 1-year change by firm

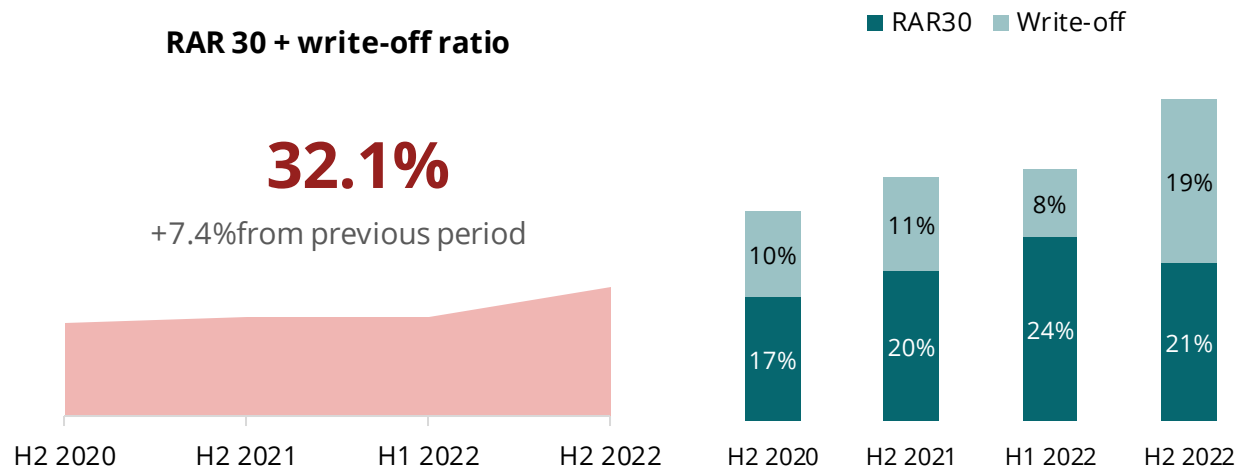


Number of firms: 30

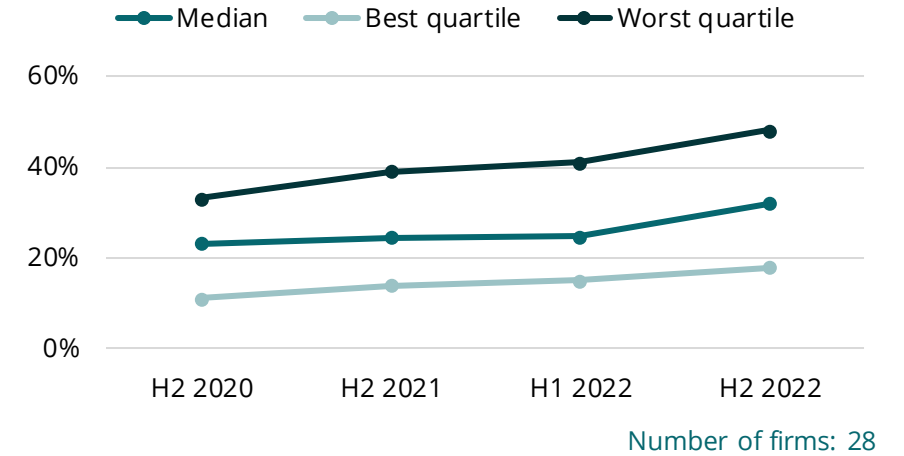


# Portfolio Quality

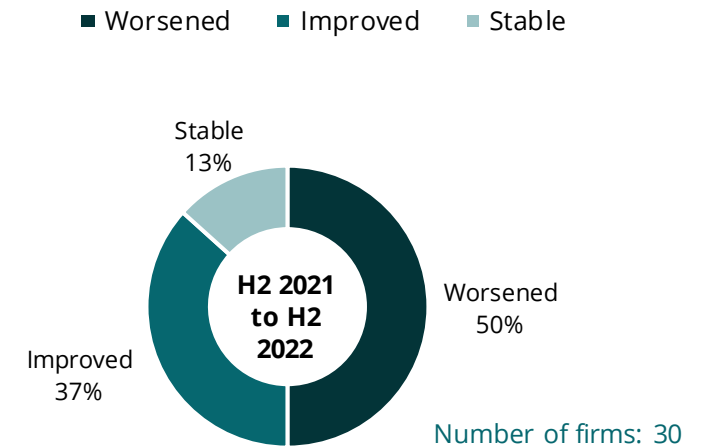
## RAR 30 + write-off ratio



## RAR 30 + write-off - Quartile performance



## RAR 30 + write-off ratio 1-year change by firm



### RAR 30 + Write-off

- The median increased from H1 2022 (25%) to H2 2022 (32%), reflecting a decline in portfolio quality.
- All quartiles continue to deteriorate: the worst quartile reaches 48% in H2 2022, while the best quartile deteriorates as well, but less acutely.
- Compared to 2021, 37% of 31 firms improved their performance, 13% remain stable, and 50% are getting worst.

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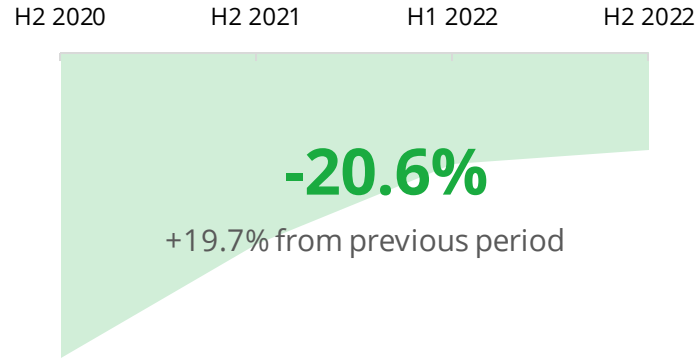
# Profitability & Solvency





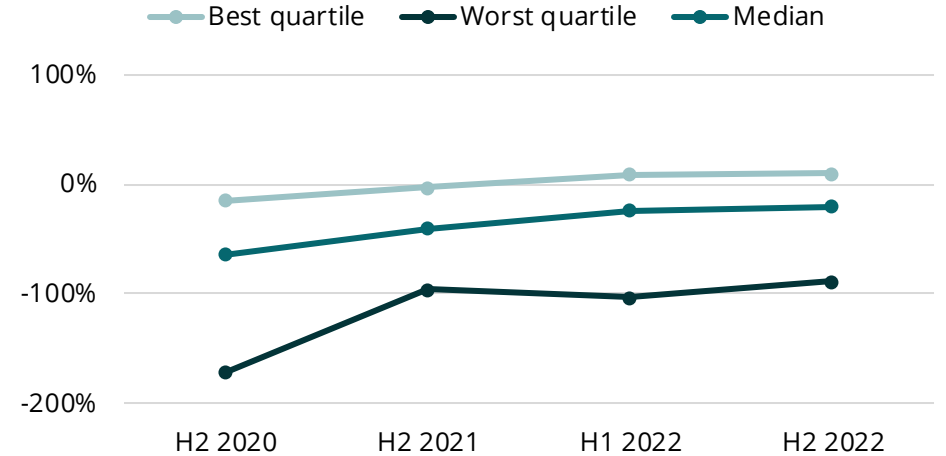
# Profitability Trends

Median of EBT margin (cashflow)



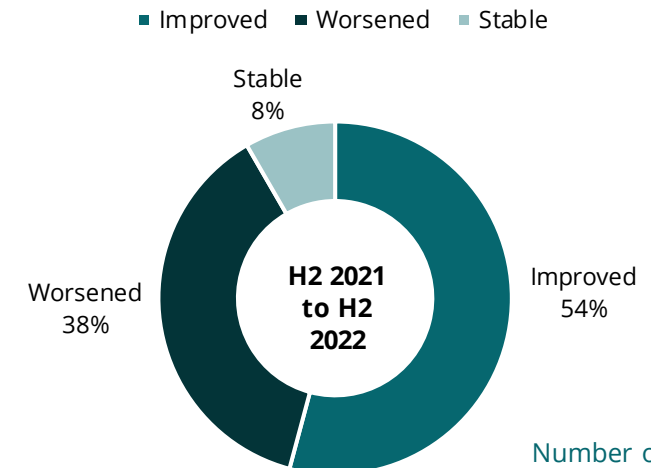
- The best quartile has been profitable since H1 2022 with an EBT margin of 10%.
- However, profitability is not yet achieved on average and is negative. Nonetheless, the overall trend is positive with the median EBT margin improving by 3% from H1 2022 (-23%) to H2 2022 (-20%).
- Compared to 2021, 54% of 23 firms improved their performance, 8% remain stable, and 38% are getting worse.

EBT Margin - Quartile Performance



Number of firms: 23

EBT margin - 1-year change by firm

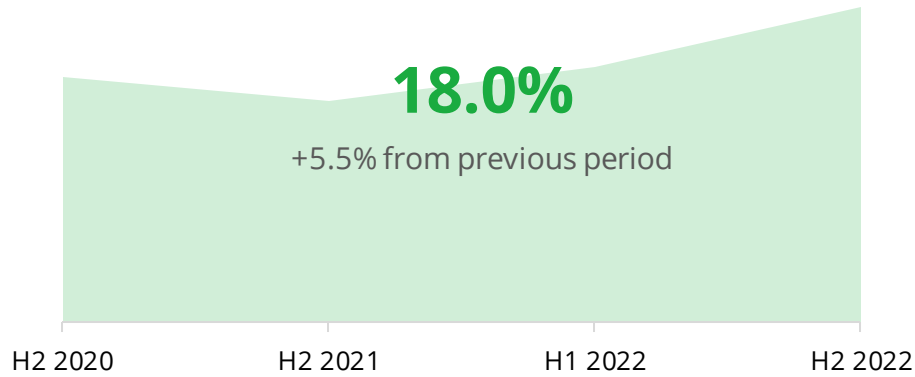


Number of firms: 24

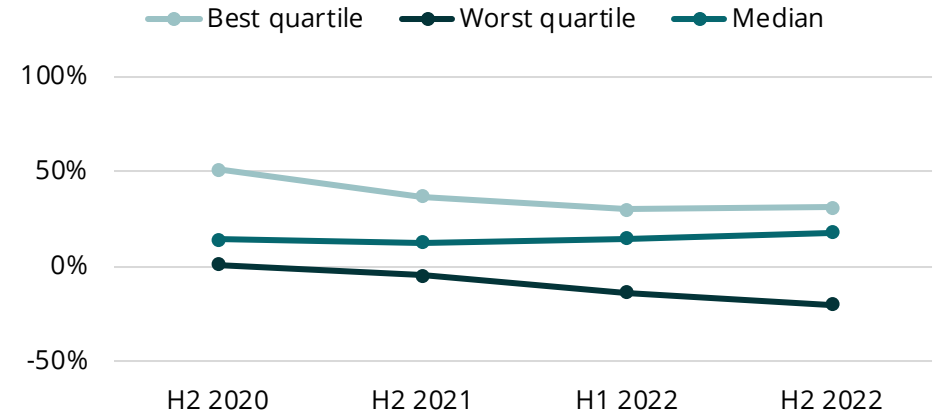


# Solvency Trends

Equity to assets ratio - Overall trend



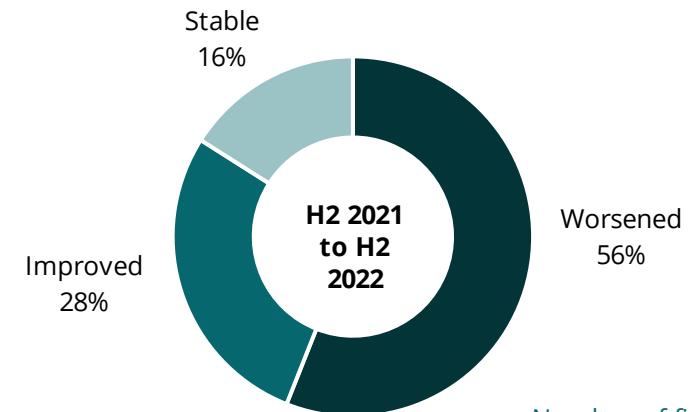
Equity to assets - Quartile performance



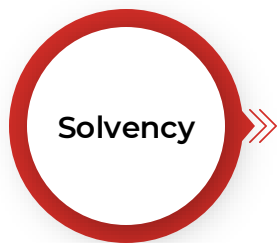
Number of firms: 24

Equity to assets - 1-year change by firm

■ Worsened ■ Improved ■ Stable



Number of firms: 25



- Solvency has increased by 5% from H1 2022 (13%) to H2 2022 (18%) and is at adequate levels in absolute terms.
- The best quartile continues to converge with the median, normalizing from very high to lower and more common levels, possibly due to young companies growing and attracting more debt. However, the worst quartile is negative and continues to decrease significantly.
- Compared to 2021, 28% of 25 firms improved their performance, 16% remain stable, and 56% are getting worse.

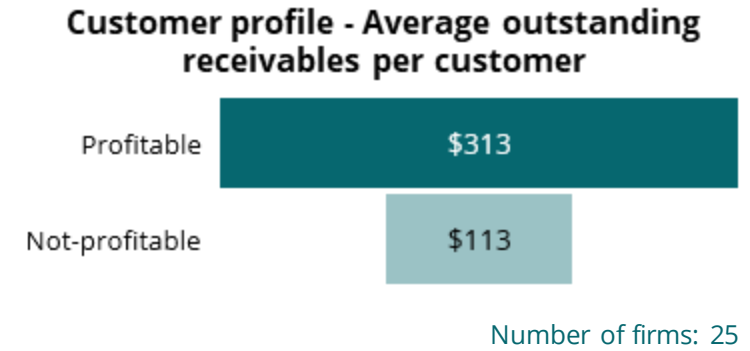
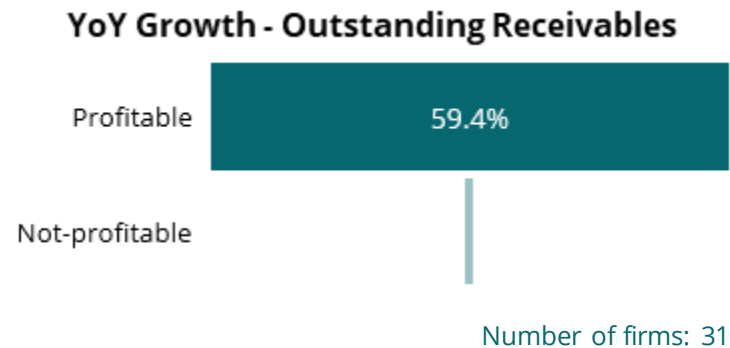
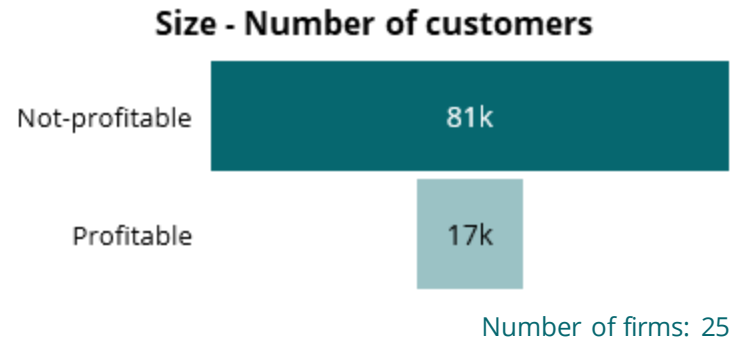
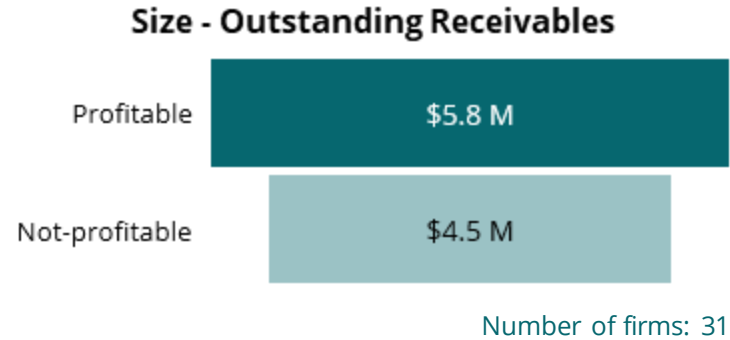


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# Profitability Analysis



# Profitability by Size and Growth



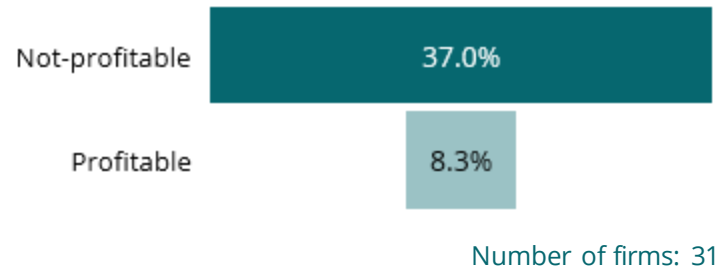
## Size and growth:

- Profitable firms display larger **Outstanding receivables** and larger **Average outstanding receivables** per customer, while their **Number of customers** is lower than non-profitable firms.
- The **average outstanding receivables per customer** in profitable firms is \$313, 2.8x larger than in non-profitable firms (\$113).
- Finally, profitable firms are more likely to have high **YoY growth** in **Outstanding receivables**.

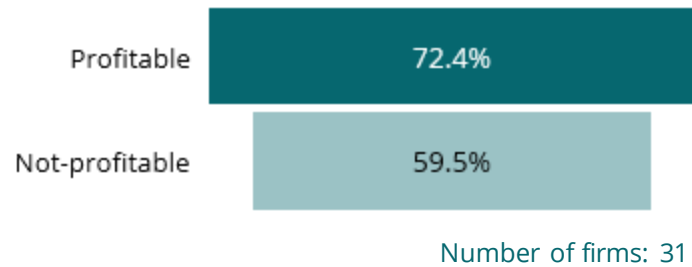


# Profitability by Portfolio Quality

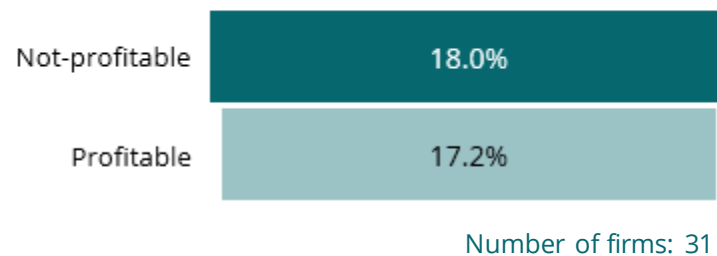
## Portfolio quality- RAR30 + Write-off



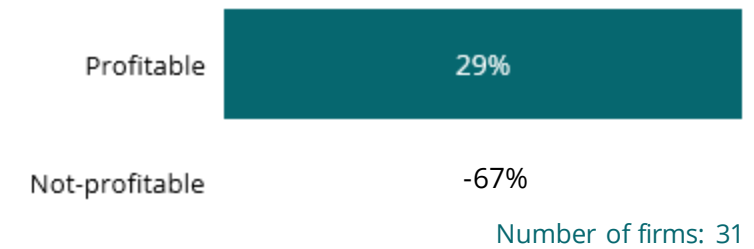
## Portfolio quality - Collection rate



## Solvency and profitability - Equity to assets



## Solvency and profitability - EBT Margin



### Portfolio quality & financial performance

- Compared to non-profitable firms, profitable firms display a much lower **RAR30 + Write-off ratio** (8%), underlining the important role that **portfolio quality** plays in **profitability**.
- However, it is important to remember that higher **growth** in profitable firms impacts positively on RAR30 + Write-off ratio, because younger receivables tend to display better repayment performance. A decline in firm-level portfolio quality is to be expected when growth rates decrease, receivables age, and repayment issues start to appear.
- Collection rate** is also slightly better in profitable firms (72%), even if not high in absolute terms, indicating the opportunity for further improvement in future.
- Equity to assets** median does not meaningfully differ between profitable and non-profitable firms.
- EBT margin (cashflow)** is significantly higher than the median in profitable firms, and significantly lower than the median in non-profitable data, illustrating the high variation between firms in the sector.



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# Annex



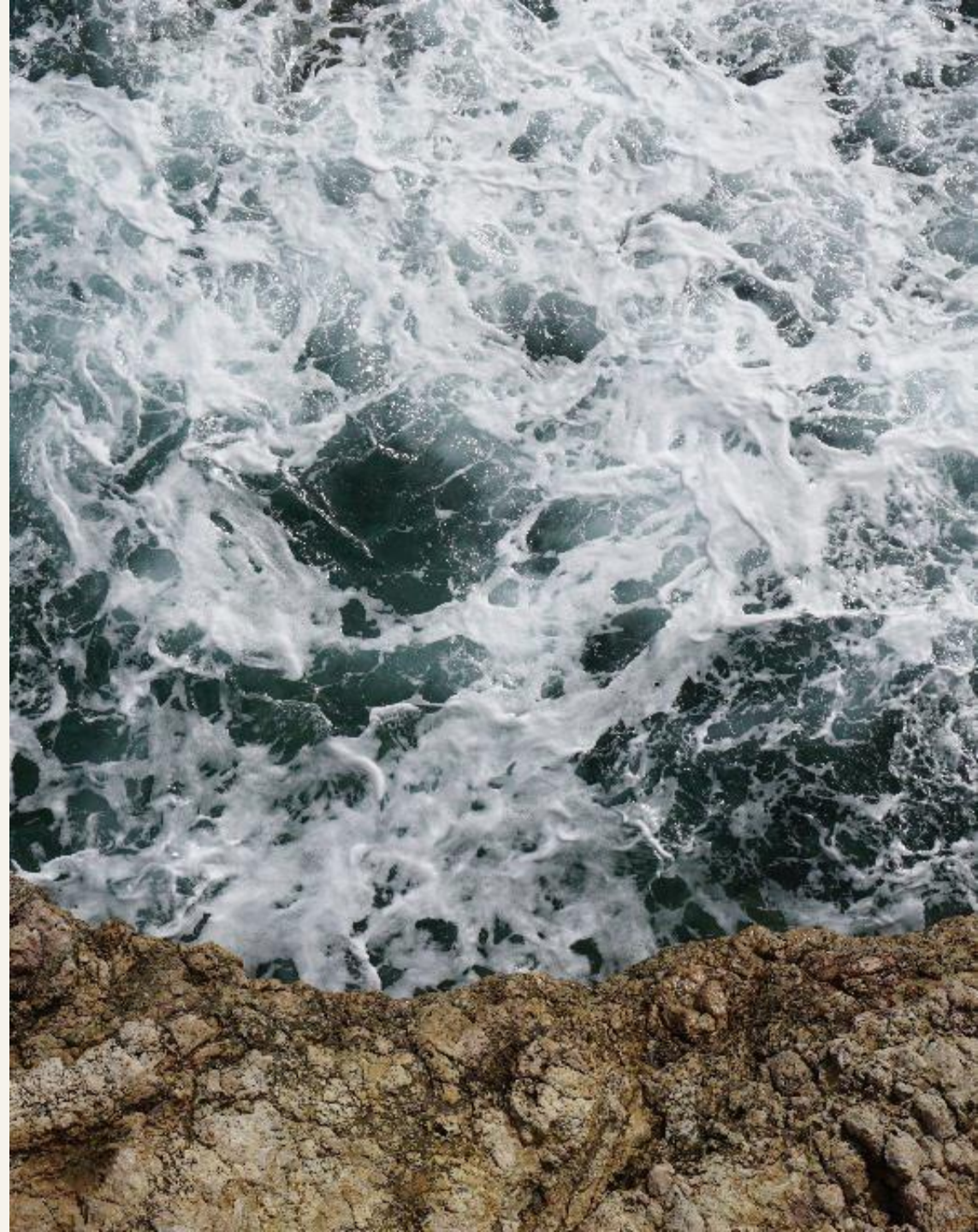


# Annex

Category	Indicators	Definition
Solvency	Equity to assets	Total equity / Total assets
Portfolio quality	PAR 30 + Write-off ratio	Combination of RAR 30 days and Write-off ratio to provide a measure of total credit risk
Portfolio quality	Collection rate	Follow-on payments / Scheduled follow-on payments
Portfolio quality	RAR 30 Days	Outstanding receivables > 30 consecutive days unpaid / Outstanding receivables
Portfolio quality	Growth in outstanding receivables	The growth of the total outstanding receivables on the balance sheet, including all future scheduled follow-on payments
Portfolio quality	Write-off ratio	Value of receivables outstanding for written-off contracts / Average Outstanding receivables
Organisational	Number of customers	The total number of active PAYGo and Cash customers as of the end of the period
Liquidity	Liquidity < 90 days / Total cost	Cash and liquid assets convertible to cash in the next 90 days / Total costs
Financial	EBT margin (cashflow)	(Total cashflow - Total costs) / Total cashflow

## Notes on interpretation

- A firm is defined as a country of operation for a firm
- Market size in USD is defined using total portfolio size (Outstanding receivables).
- There is a high variation in results across all KPIs, meaning that the mean, median, and quartiles should be carefully analysed together.
- Any trends enclosed in this report control for the same firms across time to give more accurate trends.





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