

ZAMBIA BATA SHOE COMPANY PLC

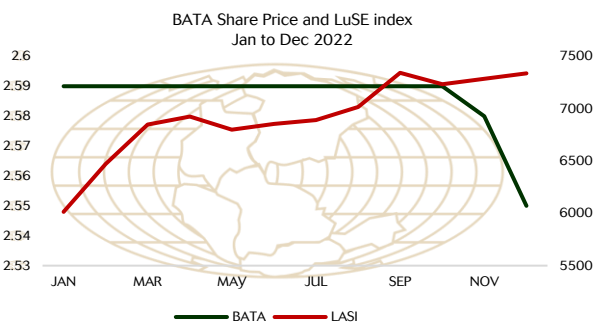
Bata Shoe Company PLC (“Bata” or the “Company”) manufactures and markets a wide range of smart and casual footwear and other leather and plastic products for the fashion sector in Zambia. The Company operates in three markets: retail, wholesale and export. The Company has a national footprint with 50 modern stores located in the major towns and cities of Zambia. The Company’s ability to tremendously improve its sales resulting in the improvement in its financial performance. The Company has over the last two years demonstrated commitment to remodel the business, with clearly defined strategies and effective planning to improve its performance and achieving high growth and improvements in market share, sales turn over, profit levels and shareholder return on investment, making for an attractive investment opportunity.

SHAREHOLDING STRUCTURE

Shareholder Name	Percentage
Bafin (Nederland) BV	74.7%
Hilda’s Hens Family Trust	7.3%
Others (LuSE free float)	15.1%

MARKET INFORMATION AND PERFORMANCE

LuSE Ticker – 20 March 2023	BATA
LuSE Price, in ZMW (Current)	2.57
LuSE Price, in USD	0.12
Issued Shares	76,107,600
LuSE Market Cap, in ZMW [Fully Diluted]	195,965,532
LuSE Market Cap, in USD [Fully Diluted]	9,484,388
LuSE Market Cap Rank	16
52-Week High, in ZMW	2.59
52-Week Low, in ZMW	2.55
Forex USD to ZMW [20 March 2023]	20.62



2022 Trade Statistic	Volume	Turnover (ZMW)
Number	3,370,000.00	12,860,000
LuSE Rank	8 th	9 th

STOCK PERFORMANCE

Bata was ranked ninth in turnover on the LuSE, trading approximately ZMW12.8 million, having traded over three million shares for the year 2022. In terms of manufacturing industry rankings, Bata was 4th according to turnover and 3rd according to volume. Whilst Chilanga Cement PLC and Zambian Breweries ranking 1st and 2nd respectively. When it comes to stock prices Bata ranks 15th on the LuSE and is 7th in the manufacturing industry sector. Of the 7 manufacturing companies, Bata is the smallest in terms of Market Capitalization.

In terms of trades, the highest volume traded, 470,815 shares, was in October 2022 with a turnover of ZMW1.22 million. The second highest volumes traded were recorded in June 2022 with 154,699 shares traded with a turnover of ZMW400,670. The latter could be attributed to the dividend payment announcement issued in May 2022, while the former could be attributed to an increase in investor confidence after

the Company published the interim financial reports which showed an increase in Profit After Tax (“PAT”) of 238%.

Bata is the third highest in terms of Earnings Per Share (“EPS”) in the manufacturing industry. It is also worth noting that Bata recorded the highest upward movement overall in EPS for the year 2022; this indicates higher return for shareholders. The upward movement in EPS for 2022 was 940% higher than that of the corresponding period.

2022 FINANCIAL RESULTS AND RATIOS

Financials (ZMW’)	2021	2022	% Change
Revenue	164,339,886	224,035,217	36%
Operating Profit	6,579,981	56,413,039	757%
Net income	3,934,073	39,205,478	897%

Key Metrics	2021	2022	% Change
EPS (ZMW)	0.05	0.52	940%
ROE	0.03	0.27	800%
ROA	0.02	0.19	850%
Current Ratio	2.13	2.76	30%
Debt to Equity	0.57	0.47	18%

Bata’s main revenue stream is the Zambian market both on a return and wholesale front followed by the Democratic Republic of Congo, Kenya and South Africa. In 2022, revenue increased by 36% to ZMW224 million mainly attributed to Retail business turnaround and marketing reactivation and advertisement which created a new sense of awakening the “Bata” brand.

The Company’s EPS increased by 940%. The movement in EPS for the Company was attributed to an increase in Revenue resulting in an increase in Profit Before Tax (“PBT”) and consequently, an increase in Profit After Tax (“PAT”). The Company turned around its retail revenue flows, due to the strategies employed such as marketing reactivation and advertisement which created a new sense of awakening of the “Bata” brand. This business remodeling and sharpened retail operations including new product variety, styles, open-to-buy activations, store facelifts & renovations, re-distribution and resupply standardization, training of sales/store personnel and stretched targets was another boost to the sales and subsequent the increase in revenues and profits.

The Company also introduced Posworx which is a real-time sales and inventory system that opened up immense visibility to operational data with improved interconnections to commercial and finance functions. Bata increased its production volume pairs to 515,214 representing a growth of 24% attributable to the implementation of demand-based production planning and close monitoring of inherent production KPIs of material yield factors, capacity utilisation, and other efficiency data.

OUR 2023 INSIGHTS

The company demonstrated an impressive cash position with a strong and healthy working capital movement mainly composed of an increase in sales and revenue. We anticipate the following for the company:

- Demand for the Company’s products to increase as the Company continues to produce “all” seasonal footwear; and
- The Company to continue generating revenue due to the new marketing strategies employed to create a new sense of awakening the “Bata brand”. Some of these strategies employed include: plans to roll out several functionalities such as foot counters in retail stores and renewed and aggressive “go to market” strategies. The strategies will also include new and increased product offerings.
- In relation to shareholder returns, we expect the Company to continue paying out dividends based on their track record over the years, of being a consistent dividend payer. The proposed dividend per share for the year ended December 2022 is ZMW0.35.