

<https://www.proactiveinvestors.co.uk/companies/news/217759/brainworks-eyes-swing-into-profit-as-it-exits-financial-services-217759.html>

# Brainworks eyes swing into profit as it exits financial services

Philip Whiterow, 11:01 02 Apr 2019

Directors have 'a reasonable degree of certainty' that positive basic earnings per share will be achieved in 2018



Brainworks runs a game park in Zimbabwe

- **Brainworks Limited (JSE:BRA) owns hotels, property and a logistics business in Zimbabwe**
- **Company is registered in Mauritius but listed on the Johannesburg Stock Exchange**
- **2018 saw growth across all segments even though economy and political situation in Zimbabwe remains unsettled**

## How is it doing

Occupancy at its hotels rose by 7 percentage points in 2018 to 59% (17:5%), with room rates rising 17% to US\$109 on average.

Hotel occupancy was driven by 'strong performance from all our source markets with room nights sold for domestic, international and regional increasing by 12%, 14% and 7%, respectively'.

Brainworks' real estate arm also recorded a notable increase in revenue, with 70% of the growth attributable to first property sales at the maiden development project in Harare.

Over 60% of the units were sold in 2018 and although there was demand for the remaining 22 units, the group adopted a strategic decision of deferring sales as the Zimbabwe currency environment became volatile during the third quarter of 2018.

Efforts to sell the remaining units have resumed.

The group reduced debt by 55% from US\$38.3mln at the end of the prior year.

### **What the boss says**

Brett Childs, chief executive, said: “Despite Zimbabwe’s economic and political headwinds and the current currency reforms, the group has done exceptionally well for the year under review.

“The successful disposal of the group’s equity investments in GetSure and GetBucks has had a positive financial impact on profitability and reaffirms the strategic focus on the core business sector namely hospitality and real estate.

“Earnings per share are expected to be positive given the growth in revenues, reduction in finance charges, and the positive contribution to profitability resulting from the group exiting the financial services sector.”

Due to currency shortages in the country, the Zimbabwe Stock Exchange has issued a one-month extension to all issuers with December year-ends and Brainworks hopes to publish its full results on or about 30 April.

### **Inflection points**

- The Board has 'a reasonable degree of certainty' that positive basic earnings per share will be achieved for the financial year ended 31 December 2018.
- This would mark 'a notable turnaround' given the fact that the Group recorded net losses after tax of US\$8mln in the prior year.
- Currency pronouncements by the monetary authorities are however expected to drive confidence and stabilise the exchange rate in Zimbabwe.
- Growth in tourism to Victoria Falls

<https://www.proactiveinvestors.co.uk/companies/news/217741/brainworks--zimbabwe-hotels-increase-occupancy-against-tough-backdrop-217741.html>

# Brainworks' Zimbabwe hotels increase occupancy against tough backdrop

Philip Whiterow, 08:57 02 Apr 2019

Occupancy at its hotels in Zimbabwe rose by 7 percentage points to 59%



Occupancy rose by seven percentage points

Johannesburg-listed hotel and leisure group Brainworks Limited ([JSE: BRA](#)) saw growth across its portfolio in 2018 in spite of the political unrest in Zimbabwe.

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Hotel occupancy was driven by 'strong performance from all our source markets with room nights sold for domestic, international and regional increasing by 12%, 14% and 7%, respectively'.

Brainworks' real estate arm also recorded a notable increase in revenue, with 70% of the growth attributable to first property sales at the maiden development project in Harare.

Over 60% of the units were sold in 2018 and although there was demand for the remaining 22 units, the group adopted a strategic decision of deferring sales as the Zimbabwe currency environment became volatile during the third quarter of 2018.

Efforts to sell the remaining units have resumed.

Brett Childs, chief executive, said: “Despite Zimbabwe’s economic and political headwinds and the current currency reforms, the group has done exceptionally well for the year under review.

“The successful disposal of the group’s equity investments in GetSure and GetBucks has had a positive financial impact on profitability and reaffirms the strategic focus on the core business sector namely hospitality and real estate.

“Earnings per share are expected to be positive given the growth in revenues, reduction in finance charges, and the positive contribution to profitability resulting from the group exiting the financial services sector.”

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<https://www.dailynews.co.zw/articles/2019/04/02/brainworks-revenue-up-on-all-segments>

## Brainworks revenue up on all segments

Business Writer • 2 April 2019 11:57AM

BRAINWORKS Limited (Brainworks) says revenue went up in all its segments, with a significant growth in the hospitality segment. The diversified investment firm said its hospitality business segment recorded improved revenue, spurred by a seven percentage points increase in occupancy to 59 percent increase compared to 52 percent achieved in prior year.

In a trading statement, the firm said a 17 percent increase in average daily rate (ADR) was recorded to US\$109 from US\$93 recorded the prior year as the hotels continued to align domestic rates to the implied exchange rate between USD and RTGS dollar.

“Occupancy growth was driven by strong performance from all our source markets with room nights sold for domestic, international and regional increasing by 12 percent, 14 percent and seven percent, respectively.”

Brainworks said its subsidiaries have delayed the release of financial results as the subsidiaries and the company digest the Public Accountants and Auditors Board (PAAB) guidance and conclude on the most appropriate financial information to be included in respective annual reports.

The listed firm hence provided guidance to its operating performance during the 2018 financial year. “The board has a reasonable degree of certainty that positive basic earnings per share will be achieved for the financial year ended December 31, 2018. This would

mark a notable turnaround given the fact that the group recorded net losses after tax of US\$8 million in the prior year,” Brainworks said.

“The positive earnings will be driven by growth in revenues, reduction in finance charges and the positive contribution to profitability recorded as a result of the group exiting the financial services sector.” Brainworks said it completed the disposal of its shareholding in GetBucks Microfinance Bank during the year.

“The financial impact of the exit was notably positive to profitability. Furthermore, the group sold its entire equity interest in GetSure Life Assurance Company (Private) Ltd. “These disposals effectively complete the group’s initiatives to exit the financial services sector in order to concentrate on core business sectors, namely, hospitality and real estate,” the firm said.

The firm added that real estate segment also recorded notable increase in revenue, with 70 percent of the growth attributable to its inaugural revenues recorded from property sales following the completion of the group’s maiden development project in Harare.

“Over 60 percent of the units were sold in 2018 and although there was demand for the remaining 22 units, the group adopted a strategic decision of deferring sales as the Zimbabwe currency environment became volatile during the third quarter of 2018,” Brainworks said.

“The recent currency pronouncements by the monetary authorities are, however, expected to drive confidence and stabilise the exchange rate in Zimbabwe, which will provide the group with a basis to resume sales of the remaining property units.”

The firm said efforts to sell the remaining units resumed in 2019. Brainworks said it continues to strategically focus on reducing its debt burden.

The group recorded a notable reduction in its debt reducing it by 55 percent from the US\$38,3 million reported as at the end of the prior year, attracting a weighted average interest rate of 12 percent.