



# NEXEN

## Micro Credit

PITCH DECK - 2021



**Founder**  
Joseph Lukula

# THE TEAM



Joseph Lukula- Co- Founder and CEO, MSc. Accounting and Financial Management @ Coventry University- UK, banking officer @ Global Trust Bank 2011-2013, Finance Associate @ Premier Credit Limited 2014-2016.



Ivan Mandela: Board Chairperson; CFO, Co-founder and Director of Investment @ SHONA.



Teddy Onserio: Board Member, B.A Economics, Mathematics, Statistics, Psychology @ Williams College, Micro Masters in Data, Economics, and Development Policy @ MITx on edX, Director-Haba Capital, Africa Investment Advisor @ U.S D.F.C



Allan Thiga: Masters in Finance @ Villanova School of Business; Director @BAP Africa.



Moses Tibamwenda: Board Member, ACCA, CPA, Audit Manager at PWC UK

# THE ECONOMY

Despite classification as one of the least developed among the low income countries, Uganda is home to the world's youngest population, the majority of which is business oriented. The resulting high demand for capital essentially presents a great opportunity for Nexen.

From 2017 through to 2020, Uganda's GDP grew steadily by 3.9%, 5.9%, 6.1%, and 6.5% respectively. The GDP per capita stands at \$916.

On a sectoral basis, Agriculture comprises 71.9%, industry; 4.4%, and services; 23.7% of GDP.

Its GDP has grown by 3.9%, 5.9%, 6.1% and 6.5% respectively from 2017 to 2020.

Macro-Economic Indicators:	Inflation Rate:	2.7%
	Term Deposit rate:	8.59%
	364 Treasury bill rate:	11.1%
	Prime Lending rate:	18.1%
	Central Bank Rate:	7%

According to the 10 Point Program of the Government, Uganda targets the middle income status by 2026.

# PROBLEM/ OPPORTUNITY



According to the Ministry of Trade, industry and cooperatives, the micro enterprises are employing 2.5M people in Uganda and contribute 20% of the GDP. Despite being the largest employer, they have limited access to affordable credit due to stringent requirements.



A good number force their way into micro credit deposit taking institutions through groups only to get into inflexible terms and defaults within groups leading to losses. They cannot access credit in time and when they do, they lose a lot of time in attending group meetings.

## Conclusion

These low income business require timely and affordable financing with flexible terms. The owners need to be able to make individual decisions to add working capital into their businesses. As and when required.

# OUR SOLUTIONS

Nexen Micro credit Ltd provides credit to these low income entrepreneurs in an affordable and flexible manner.

Loans amounts range from **USD 150** to **USD 8000** for 1-12months.

Repayments are structured to suit the repayment capacity of the clients after thorough analysis and understanding of both their personal and business needs.

In addition, clients undergo training to upscale their financial literacy skills enabling them to efficiently use the loan funds to grow their businesses.



# ULTIMATELY

Nexen is short for “Next Generation”, implying that we plan to transition from a credit only institution to a bank serving and growing with the ordinary Ugandan.

We plan to scale up gradually leveraging on technology and a customer- centric growth approach.



# OUR PRODUCTS

## Karibu

Disbursed to new borrowers whose business have not more than USD 550 in stock.

Loans ranging from USD 250 to USD 500.

Prices at 8% fro up to 3months.

## Tambula

Disbursed to repeat borrowers who have at least 3 cycles and their business hold at least USD 550 in stock

Loans ranging from USD 500 to USD 4000.

Priced at 5% up to 12 months.

## Weyagale

Disbursed to repeat borrowers after completing at least 6 cycles and their business hold at least USD 2500 in stock.

Loans ranging from USD 2000 to USD 8000

Priced at 3.5% up to 12 months

## Nexen Xpress

Disbursed to new borrowers whose business have not more than USD 400 in stock

Loans ranging from USD150 to USD 400

priced at 12% fro up to 2 months



**NEXEN**  
Micro Credit



# MARKET OPPORTUNITY

## Our Go To Market

We are serving retail shops in per urban areas of Kampala, concentrating in Ntinda, Namugongo, Bweyogerere and Kisasi.



Source: UBOS

Note: Our Market estimates are based on an assumption that all these clients are on boarded in the various products.

# COMPETITIVE ADVANTAGE

	Financial Literacy Training	Business Tools	Micro Loans	Physical Collateral Required	Loan Processing Time 48hrs
Nexen Micro Credit	✓	✓	✓	X	✓
Brac Bank	X	X	✓	✓	X
Pride Microfinance	X	X	✓	✓	X
Vision Fund	X	X	✓	✓	X
Finca	✓	X	✓	✓	X

# BUSINESS MODEL



**MICRO  
CREDIT**

+



**TRAINING  
& TOOLS**

=



**FINANCIAL  
GROWTH**

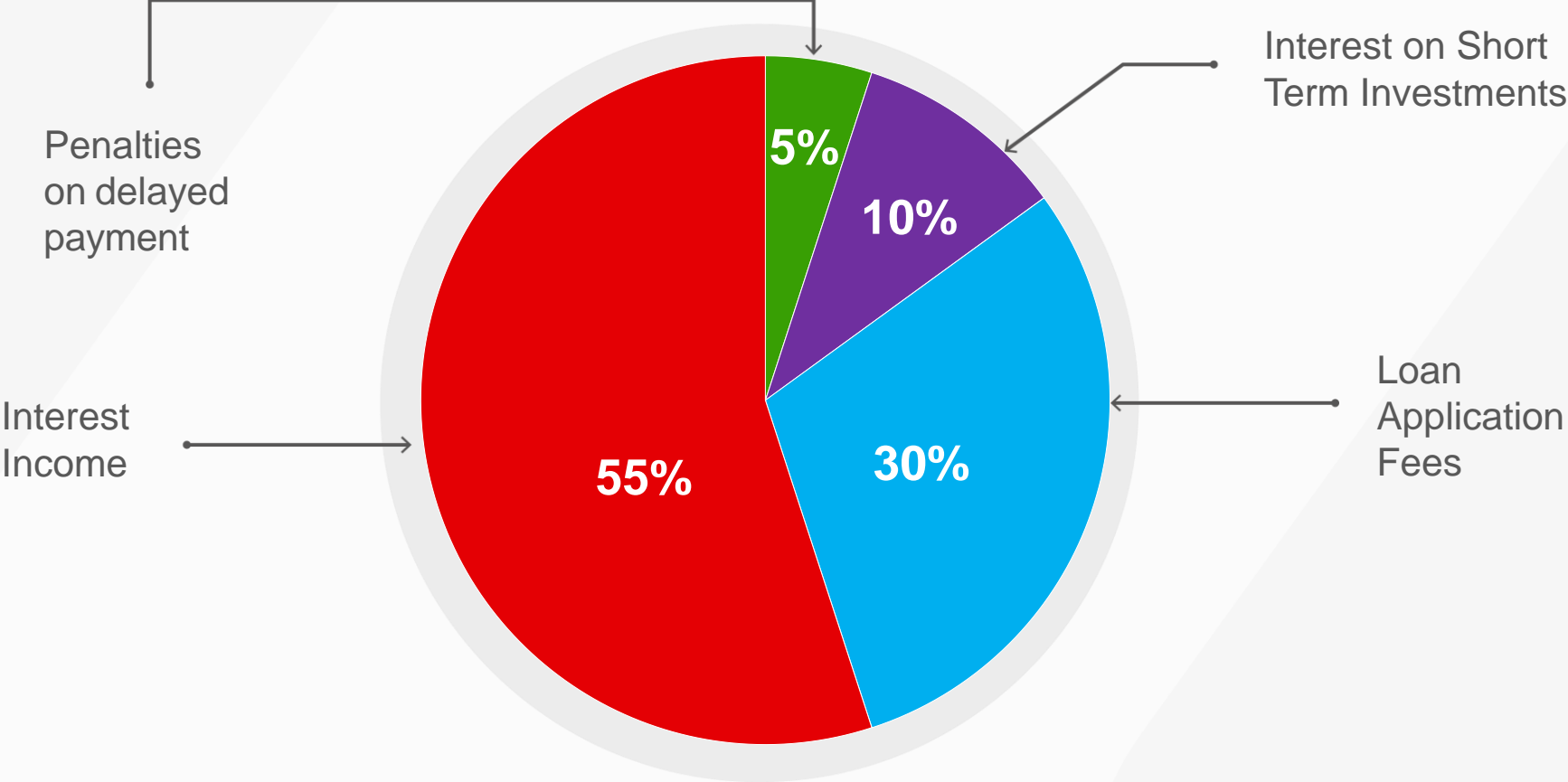
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**HAPPY  
FAMILY**

Better social  
wellbeing  
(Education & Health)

# REVENUE STREAMS



# PROJECTED PORTFOLIO PERFORMANCE

Projected Loan Portfolio Performance Yield Per Product (USD)					
Product	2020 (Act.)	2021 (Proj.)	2022 (Proj.)	2023 (Proj.)	2024 (Proj.)
Working Capital Loans	35,000	70,000	100,000	130,000	170,000
Health Care	7,000	10,000	30,000	50,000	70,000
Institutional Loans		15,000	30,000	50,000	70,000
Money Markets		5,000	20,000	20,000	30,000
<b>Gross Income</b>	<b>42,000</b>	<b>100,000</b>	<b>180,000</b>	<b>250,000</b>	<b>340,000</b>
Financing Costs	4,627	20,000	40,000	55,000	70,000
<b>Total Operating Income</b>	<b>37,373</b>	<b>80,000</b>	<b>140,000</b>	<b>195,000</b>	<b>270,000</b>
Operational Expenses	32,000	45,000	60,000	80,000	100,000
Loan Loss Provision	2,000	5,000	20,000	30,000	40,000
<b>EBITIDA</b>	<b>3,373</b>	<b>30,000</b>	<b>60,000</b>	<b>85,000</b>	<b>130,000</b>

# FINANCIALS

	2017(Act.)	2018(Act.)	2019Act(.	2020(Act.)	2021(Q1&2)	2021(Proj.)	2022(Proj.)	2023(Proj,)	2024(Proj.)
<b>Revenue</b>	62,000	65,000	45,000	42,000	27,143	100,000	180,000	250,000	340,000
<b>Expenses</b>	70,000	68,000	44,500	38,627	17,714	70,000	120,000	165,000	210,000
<b>EBITIDA</b>	(8,000)	(3,000)	500	3,373	9,429	30,000	60,000	85,000	130,000

# TRACTION

**LOAN  
DISBURSED**

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8,000

**REVENUE**

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\$800,000

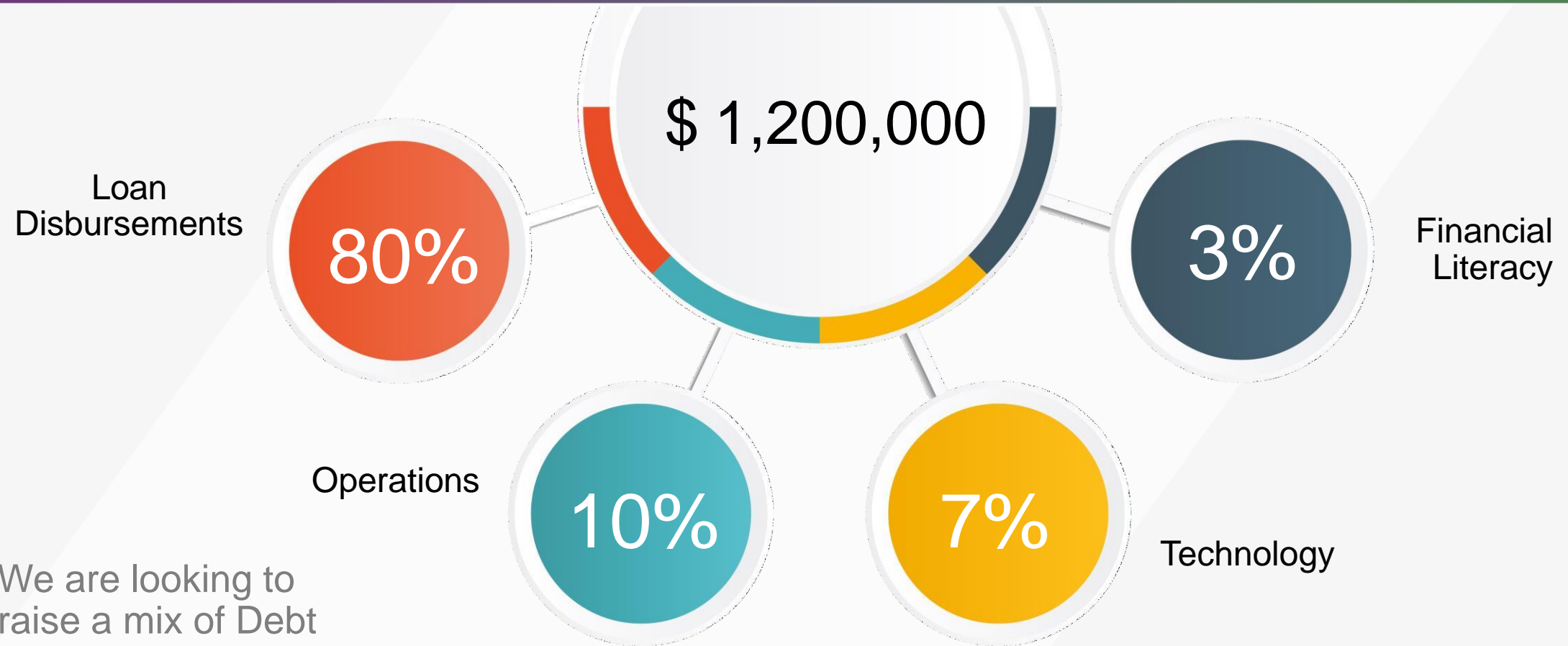
**ACTIVE  
BORROWERS**

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300

Started operations in September 2016.

# OUR NEED



We are looking to raise a mix of Debt and Equity to enable us meet our objective







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**Lifting the limits<sup>®</sup>**