



# Botswana Telecommunications Corporation Limited

## ABRIDGED UNAUDITED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 SEPTEMBER 2023

The Board and Management of Botswana Telecommunications Corporation Limited ('BTC') are pleased to present to the shareholders the abridged unaudited financial results of the Company for the half year ended 30 September 2023.



### COMMENTARY

#### Our Business

Botswana Telecommunications Corporation is a converged telecommunications operator offering fixed (voice and data), mobile (voice and data) and broadband services to consumers, enterprise and other licensed service providers.

#### Half year performance in numbers

- Revenue P717 million
- EBITDA margin 32%
- Profit after tax P71 million
- Earnings per share 6.80 thebe
- Dividend per share 2.05thebe

#### Review of Results

The interim Financial Statements of the Company for the six months period ended 30 September 2023 were authorised for issue by the Board of Directors on 13 December 2023.

#### Performance Overview

BTC delivered a resilient half-year performance amid difficult trading conditions. During the period under review, the Company generated revenue of P717 million translating to a growth of 4% when compared with the same period in the prior year and P93 million in profit before tax which is a 268% increase year on year. The revenue growth was driven by the increase in demand for mobile data services and digital services. The fixed business, although under pressure, remained resilient in the period under review.

The Company continued with efforts to optimize the cost structure. However, cost of sales were up 15% impacted mainly by an increase in spectrum license fees, repairs to the network driven by continuing copper theft incidences and write-off of copper network assets replaced with fibre optic and alternative technologies. This led to a decrease of 5% in gross profit despite the increase in revenue, reflecting cost pressures. Administrative expenses have decreased by 34% due to the significant reduction in staff costs this period, as the prior year included resource optimisation costs. The above resulted in EBITDA of P228 million, an increase of 58% compared to the same period in the prior year.

#### Economic Outlook

Botswana's annual GDP growth rate dropped to 5% in the second quarter of 2023, and it is predicted to drop even more to 3.8% for the full year. The main cause of this decline is the ongoing effects of the shock to commodity prices brought about by the Ukraine-Russia war, particularly the surge in energy prices that has reduced the real earnings of those nations that depend on imports of energy. The rate of inflation increased significantly from 1.2% in August 2023 to 3.2% by September. Changes in the price of fuel have been the primary driver of the fluctuations in inflation. This is partly caused by the volatility in global oil prices and their substantial weight in the Botswana Consumer Price Index (CPI) basket.

#### Outlook

BTC, as a purpose-driven organisation, will continue on the transformation journey towards building a sustainable digital business. Several network modernisation programs are ongoing which are key towards the provision of high-speed internet services across all market segments thus helping cement our market leadership position in Botswana. It is anticipated that the national digital transformation agenda, will present new opportunities that will result in shifting user behaviour and increase uptake of data and digital services. It is therefore projected that internet penetration and usage will continue to grow, which will increase data revenue for both fixed and mobile services. Copper cable theft remains a major challenge and we have therefore accelerated the fibre rollout and deployment of alternative technologies to support the provision of high-speed broadband services. BTC will continue to accelerate efforts to leverage on our digital investments by developing fit-for-purpose products and solutions for the market.

The Company will continue to build a robust ecosystem around its mobile financial services (SMEGA), as one of the key pillars within our digital transformation strategy. BTC will continue to expand its SMEGA service portfolio by bringing to the market solutions that address financial inclusion.

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 30 September 2023	Unaudited 6 Months to 30.09.2023 P '000	Unaudited 6 Months to 30.09.2022 P '000	Audited 12 Months to 31.03.2023 P '000
Revenue from contracts with customers	717,309	691,206	1,400,027
Cost of services and goods sold	(335,240)	(290,516)	(594,196)
<b>Gross profit</b>	<b>382,069</b>	<b>400,690</b>	<b>805,831</b>
Interest income	30,885	23,685	48,247
Interest expense	(7,786)	(9,899)	(18,632)
Other income	1,172	2,581	5,129
Selling and distribution costs	(7,993)	(11,764)	(23,120)
Administrative expenses	(172,349)	(260,766)	(439,174)
Impairment gains on financial assets and contract assets	(6,774)	(2,353)	24,316
Other expenses	(125,907)	(116,848)	(254,088)
<b>Profit before tax</b>	<b>93,317</b>	<b>25,326</b>	<b>148,509</b>
Income tax expense	(21,909)	(3,135)	(40,188)
<b>Profit for the period / year</b>	<b>71,408</b>	<b>22,191</b>	<b>108,321</b>
Other comprehensive income	-	-	-
<b>Total comprehensive income for the period / year</b>	<b>71,408</b>	<b>22,191</b>	<b>108,321</b>
Basic and diluted earnings per share (thebe):	6.80	2.11	10.32

### STATEMENT OF FINANCIAL POSITION

As at 30 September 2023	Unaudited 6 Months to 30.09.2023 P '000	Unaudited 6 Months to 30.09.2022 P '000	Audited 12 Months to 31.03.2023 P '000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1,426,740	1,436,431	1,488,810
Intangible assets	181,777	178,566	162,579
Right of use assets	98,366	112,998	109,170
IRU asset	362,991	401,200	382,096
Contract assets	39,150	-	28,766
	2,109,024	2,129,195	2,171,421
<b>Current assets</b>			
Inventories	64,267	66,596	54,832
Trade and other receivables	239,332	146,859	215,605
Contract assets	31,929	49,204	23,130
Income tax receivable	897	1,844	829
Cash and cash equivalents	587,963	615,955	570,983
	924,388	880,458	865,379
Assets held for sale	-	7,503	-
	924,388	887,961	865,379
<b>TOTAL ASSETS</b>	<b>3,033,412</b>	<b>3,017,156</b>	<b>3,036,800</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Stated capital	478,892	478,892	478,892
Revaluation reserve	329,002	352,951	334,826
Accumulated profits	1,545,962	1,419,123	1,537,542
	2,353,856	2,250,966	2,351,260
<b>Non-current liabilities</b>			
Development grants	25,885	12,507	23,220
Lease liabilities	111,845	113,172	112,259
IRU liability	67,706	97,711	74,077
Contract liabilities	11,460	-	5,142
Deferred tax liability	100,915	58,775	80,649
Employee related provisions	5,660	8,731	5,962
	323,471	290,896	301,309
<b>Current liabilities</b>			
Trade and other payables	280,161	290,825	287,666
Contract liabilities	9,838	12,198	5,377
Lease liabilities	14,660	18,755	18,068
IRU liability	30,005	53,388	46,513
Current portion of development grants	860	860	860
Current portion of employee related provisions	20,561	99,268	25,747
	356,085	475,294	384,231
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,033,412</b>	<b>3,017,156</b>	<b>3,036,800</b>

### STATEMENT OF CASH FLOWS

For the half year ended 30 September 2023	Unaudited 6 Months to 30.09.2023 P '000	Unaudited 6 Months to 30.09.2022 P '000	Audited 12 Months to 31.03.2023 P '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Operating cash flow before working capital changes	228,362	215,260	352,721
Working capital adjustments:			
Increase in inventories	(9,435)	(13,177)	(1,413)
(Increase)/Decrease in trade and other receivables	(48,085)	15,291	(29,406)
(Decrease)/Increase in trade and other payables and contract liabilities	(1,604)	11,557	4,880
Cash generated from operations	169,238	228,931	326,782
Ordinary dividend paid to shareholders	(68,803)	(51,906)	(52,187)
Income tax paid	(68)	(1,034)	(1,034)
Net cash from operating activities	100,367	175,991	273,561
<b>CASH FLOWS USED IN INVESTING ACTIVITIES:</b>			
Investment to expand operations:			
Purchase of property, plant and equipment	(44,690)	(73,431)	(209,321)
Purchase of intangible assets	(40,025)	(13,977)	(16,221)
Proceeds from disposal of property, plant and equipment	711	153	2,421
Proceeds from assets held for sale	-	26,946	34,992
Interest income received	30,885	23,685	48,247
Net cash used in investing activities	(53,119)	(36,624)	(139,882)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Grants received	3,323	4,740	15,883
Interest paid on lease liabilities and IRU liability	(8,012)	(10,123)	(18,984)
Principal payment of lease liabilities	(2,882)	(8,405)	(19,105)
Principal payment of IRU liability	(22,728)	(29,323)	(60,022)
Net cash from financing activities	(30,299)	(43,111)	(82,228)
Increase in cash and cash equivalents	16,949	96,256	51,451
Net foreign exchange difference on cash and cash equivalents	31	(743)	(910)
Cash and cash equivalents at beginning of the year	570,983	520,442	520,442
<b>Cash and cash equivalents at end of the period/year</b>	<b>587,963</b>	<b>615,955</b>	<b>570,983</b>

### STATEMENT OF CHANGES IN EQUITY

For the half year ended 30 September 2023	Stated Capital P '000	Revaluation Reserve P '000	Accumulated Profits P '000	Total P '000
<b>Balance at 1 April 2022 (Audited)</b>	478,892	361,375	1,441,428	2,281,695
Profit for the period	-	-	22,191	22,191
Other comprehensive income	-	-	-	-
<b>Total Comprehensive Income</b>	-	-	22,191	22,191
Ordinary dividend declared	-	-	(52,920)	(52,920)
Depreciation transfer for land and buildings	-	(8,424)	8,424	-
<b>Balance at 30 September 2022 (Unaudited)</b>	478,892	352,951	1,419,123	2,250,966
Profit for the rest of the year	-	-	86,130	86,130
Other comprehensive income	-	-	-	-
<b>Total Comprehensive Income</b>	-	-	86,130	86,130
Transfer to retained earnings upon disposal of residential properties	-	(21,889)	28,063	6,174
Depreciation transfer for land and buildings	-	3,764	4,226	7,990
<b>Balance at 31 March 2023 (Audited)</b>	478,892	334,826	1,537,542	2,351,260
Profit for the period	-	-	71,408	71,408
Other comprehensive income	-	-	-	-
<b>Total Comprehensive Income</b>	-	-	71,408	71,408
Ordinary dividend declared	-	-	(70,455)	(70,455)
Depreciation transfer for land and buildings	-	(5,824)	7,467	1,643
<b>Balance at 30 September 2023 (Unaudited)</b>	478,892	329,002	1,545,962	2,353,856

### Presentation of Financial Statements

The interim Financial Statements are presented in Botswana Pula which is the Company's functional currency.

### Basis of Preparation and Accounting Policies

The interim financial statements have been prepared on a historical cost basis, except as modified by the revaluation of certain fixed assets and on the going concern basis.

The accounting policies adopted for the period comply in all material respects with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), interpretations issued by the International Financial Reporting Standards Interpretations Committee and in the manner required by the Companies Act of Botswana (CAP 42:01). These policies are consistent with those applied for the year ended 31 March 2023.

### Dividends Declaration

The BTC Board has declared an interim dividend of 2.05 thebe per share for the half year ended 30 September 2023. In terms of the Botswana Income Tax Act (Cap 52:01) as amended, withholding tax at the rate of 10% or any other currently enacted tax rate will be deducted from the interim gross dividend.

### Important dates pertaining to this dividend are:

Declaration date – 13 December 2023

Ex-dividend date – 24 January 2024

Last date to register – 26 January 2024

Dividend payment date – 07 February 2024

For and on behalf of the Board of Directors

**Thari Pheko**

Chairperson

**Anthony Masunga**

Managing Director

### Board of Directors

Thari Pheko (Chairperson), Anthony Masunga (Managing Director) Andrew Johnson\*, Ranjith Priyalal De Silva\*\*, Bafana Molomo Thato Kewakae, Mokgethi Magapa.  
\*South African \*\*Sri Lankan

### Company Secretary

Sidney Mganga

Company Number

BW00000748937

### Transfer Secretaries

Central Securities Depository Company of Botswana Plot 70667, Fairscape Precinct. 4th Floor, Fairgrounds, Gaborone Private Bag 00417, Gaborone Contact Details: 3674400/ 09/11/12 Contact Person: Nonofa Phalatsa or Ambrosia Khupe

### Auditor

Deloitte & Touche

Plot 64518 Fairgrounds P O Box 778 Gaborone, Botswana

### Registered Office

Megaleng House Plot 50350, Khama Crescent P.O. Box 700 Gaborone, Botswana