



Botswana Telecommunications Corporation Limited

PRELIMINARY ABRIDGED UNAUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2024

The Board and Management of Botswana Telecommunications Corporation Limited ('BTC') are pleased to present to shareholders the abridged unaudited financial results of the Company for the year ended 31 March 2024.



COMMENTARY

Full year performance in numbers

- Revenue P1.436 billion
- Profit before tax P200 million
- Earnings per share 15 thebe
- EBITDA margin 32.5%
- ROCE 6%
- Cost to Income ratio 88%

REVIEW OF RESULTS

The Financial Statements of the Company for the year ended 31 March 2024 were authorised for issue by the Board of Directors on 20 June 2024.

Performance Overview

BTC delivered strong growth in the year under review. As the Company continues its transformation into a digital business, we remain committed to harnessing our smart investments by delivering high quality, fit-for-purpose solutions to our customers. The execution of our strategy has resulted in solid financial performance for the year ended 31 March 2024, with overall revenue of P1.436 billion, a growth of 3% when compared with the prior year. This revenue increase was driven by the growth in fixed voice services and strong demand for mobile data services.

The 7% increase in cost of sales reflects rising spectrum costs and high maintenance expenses for the copper network due to ongoing copper cable theft and vandalism of network equipment. However, the continued migration of our customers to fibre and wireless broadband technologies is helping to mitigate the effects of copper theft and helps strengthen BTC's position in providing high-quality services to the market.

BTC benefitted from reduced administrative expenses (-18%) mainly attributed to prior year restructuring process. We will continue to optimise our structure to keep the costs in line with our growth trajectory.

BTC's Profit Before Tax ("PBT") grew by 34.7% year-on-year, crossing the P200 million mark post the Covid pandemic, with an EBITDA margin of 32.5%. The PBT growth is attributable to the continued focus on revenue growth and improvements to our cost structure.

Domestic Economy

Botswana's real gross domestic product (GDP) is projected to grow by 4.2% in 2024. This growth is primarily attributed to anticipated improvements in the non-mining sectors, supported by enhancements in electricity and water supply, as well as in the finance, insurance, and pension fund sectors. Additionally, effective implementation of economic transformation reforms and stimulative government expenditure outlined in the 2024/25 Budget and the April 2023 – March 2025 Transitional National Development Plan (TNDP) are expected to boost economic activity by expanding productive capacity, accelerating economic transformation, and enhancing economic resilience. On a positive note, inflation has been declining faster than anticipated, dropping to 2.9% in March 2024, which is just below the lower end of the Bank of Botswana's 3%-6% inflation objective range. This decline has been largely driven by the stabilization of fuel prices and decreasing global and regional inflation rates, aligning with broader economic trends.

Outlook

Considering the current macro-economic conditions, our objective of becoming the top digital services provider in Botswana remains steadfast for financial year 2025. Our strategy aims to boost revenue by offering high-quality services at affordable prices, targeting specific customer groups across different areas, and leveraging cost savings to enhance profitability by financial year 2025.

BTC's digital transformation ambition is supported by the upgrade of the network infrastructure to provide nationwide high-speed internet services, reinforcing our leadership in the broadband market. We will continue expanding our mobile network and enhancing service quality through new site construction and upgrades.

Despite challenges like copper theft and vandalism of network equipment, we are committed to delivering high-speed broadband by accelerating the replacement of copper infrastructure with advanced technologies. Our focus of enhancing service quality is evident in our extensive range of high-speed broadband (mobile and fixed) solutions catering to various market segments.

To strengthen our mobile financial services ecosystem, a cornerstone of our digital strategy, we launched the SMEGA financial inclusion program. This initiative aims to bridge the gap in access to financial services, providing financial inclusion regardless of location, age, or gender. The program seeks to lower fund access costs, offer emergency liquidity, enable minimal-contact fund transfers, and drive regional economic growth.

BTC will continue to leverage its smart investments and dedicated human capital to transform into a digital business that delivers sustainable value to our stakeholders.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024	Unaudited	Unaudited
	Mar 2024 P '000	Restated Mar 2023 P '000
Revenue from contracts with customers	1,436,050	1,400,027
Cost of services and goods sold	(637,346)	(594,196)
Gross profit	798,704	805,831
Interest income	62,813	48,247
Interest expense	(14,664)	(18,632)
Other income	1,551	5,129
Selling and distribution costs	(18,225)	(23,120)
Administrative expenses	(361,391)	(439,174)
Impairment (loss)/reversals on financial assets and contract assets	(12,151)	24,316
Other expenses	(256,629)	(254,088)
Profit before tax	200,008	148,509
Income tax expense	(42,474)	(30,728)
Profit for the year	157,534	117,781
Other comprehensive income not to be reclassified to profit/loss in subsequent periods		
Gains on property revaluation	90,430	-
Income tax effect	(19,894)	-
Other comprehensive income for the year	70,536	-
Total comprehensive income for the year	228,070	117,781
Basic and diluted earnings per share (Thebe):	15.00	11.22

STATEMENT OF FINANCIAL POSITION

As at 31 March 2024	Unaudited	Unaudited	Unaudited
	Mar 2024 P '000	Restated Mar 2023 P '000	Restated Mar 2023 P '000
ASSETS			
Non-current assets			
Property, plant and equipment	1,506,783	1,488,810	1,449,452
Intangible assets	170,006	162,579	183,946
Right of use assets	140,412	109,170	115,337
IRU asset	343,887	382,096	420,305
Contract assets	45,830	28,766	-
	2,206,918	2,171,421	2,169,040
Current assets			
Inventories	58,390	54,832	53,419
Trade and other receivables	230,830	215,605	179,580
Contract assets	37,851	23,130	35,081
Income tax receivable	897	829	810
Short term investments	107,803	427,625	348,856
Cash and cash equivalents	625,344	143,358	171,586
	1,061,115	865,379	789,332
Assets held for sale	12,664	-	32,222
Total assets	3,280,697	3,036,800	2,990,594
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	478,892	478,892	478,892
Revaluation reserve	393,713	334,826	368,364
Accumulated profits	1,614,745	1,537,542	1,439,143
	2,487,350	2,351,260	2,286,399
Non-current liabilities			
Development grants	27,108	23,220	8,543
Lease liabilities	148,391	112,259	115,753
IRU liability	61,112	74,077	120,590
Contract liabilities	5,461	5,142	-
Deferred tax liability	143,017	80,649	50,396
Employee related provisions	5,307	5,962	7,994
	390,396	301,309	303,816
Current liabilities			
Trade and other payables	324,665	287,666	279,765
Contract liabilities	8,718	5,377	13,522
Lease liabilities	15,810	18,068	16,718
IRU liability	12,965	46,513	60,022
Current portion of development grants	1,471	860	860
Current portion of employee related provisions	39,322	25,747	29,492
	402,951	384,231	400,379
Total liabilities	793,347	685,540	704,195
Total equity and liabilities	3,280,697	3,036,800	2,990,594

STATEMENT OF CASH FLOWS

For the year ended 31 March 2024	Unaudited	Unaudited
	Mar 2024 P '000	Restated Mar 2023 P '000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating cash flow before working capital changes	468,450	352,721
Working capital adjustments:		
Decrease/ (increase) in inventories	347	(1,413)
Increase in trade and other receivables, contract assets and prepayments	(62,981)	(29,406)
Increase in trade and other payables and contract liabilities	38,704	4,880
Cash generated from operations	444,520	326,782
Ordinary dividend paid to shareholders	(89,184)	(52,187)
Income tax (paid)	(68)	(1,034)
Net cash from operating activities	355,268	273,561
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Investment to expand operations:		
Purchase of property, plant and equipment	(144,530)	(209,321)
Purchase of intangible assets	(62,509)	(16,221)
Proceeds from disposal of property, plant and equipment	23,016	2,421
Proceeds from assets held for sale	-	34,992
Interest income received	64,620	48,247
Purchase of investments	(55,634)	(989,294)
Disposal of investments	375,456	910,525
Net cash generated from/(used) in investing activities	200,419	(218,651)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Grants received	6,050	15,883
Interest paid on lease liabilities and IRU liability	(14,744)	(18,984)
Principal payment of lease liabilities	(19,274)	(19,105)
Principal payment of IRU liability	(46,514)	(60,022)
Net cash from financing activities	(74,482)	(82,228)
Increase in cash and cash equivalents	481,205	(27,318)
Net foreign exchange difference on cash and cash equivalents	781	(910)
Cash and cash equivalents at beginning of the year	143,358	171,586
Cash and cash equivalents at end of the year	625,344	143,358

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024	Stated	Revaluation	Accumulated	Total
	Capital	Reserve	Profits	
	P '000	P '000	P '000	P '000
Balance at 1 April 2022 as reported (Unaudited)	478,892	361,375	1,441,428	2,281,695
Impact of correction of prior period errors	-	6,989	(2,285)	4,704
Restated balance at 1 April 2022 (Unaudited)	478,892	368,364	1,439,143	2,286,399
Profit for the year (as previously stated)	-	-	108,321	108,321
Impact of correction of prior period errors	-	-	9,460	9,460
Total Comprehensive Income	-	-	117,781	117,781
Ordinary dividend declared	-	-	(52,920)	(52,920)
Transfer to retained earnings upon disposal of residential properties	-	(21,889)	21,889	-
Depreciation transfer for land and buildings	-	(11,649)	11,649	-
Balance at 31 March 2023 (Unaudited)	478,892	334,826	1,537,542	2,351,260
Profit for the year	-	-	157,534	157,534
Other comprehensive income for the year	-	70,536	-	70,536
Total Comprehensive Income	-	70,536	157,534	228,070
Ordinary dividend declared	-	-	(91,980)	(91,980)
Depreciation transfer for land and buildings	-	(11,649)	11,649	-
Balance at 31 March 2024 (Unaudited)	478,892	393,713	1,614,745	2,487,350

Restatement of prior year results

The financial results for the year ended 31 March 2023 have been restated and as such the prior year figures presented are the restated amounts. The impact of the restatement on the Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position is as follows:

The impact of the restatement on the Profit and loss statement is as follows:

	Previously Reported (P'000) Mar 2023	Restated (P'000) Mar 2023
Income tax	40,188	30,728
Profit after tax	108,321	117,781

The impact of the restatement on the Statement of Financial Position is as follows:

	Previously Reported (P'000) Mar 2023	Restated (P'000) Mar 2023	Previously Reported (P'000) Mar 2022	Restated (P'000) Mar 2022
Short term investments	-	427,625	-	348,856
Cash and cash equivalents	570,983	143,358	520,442	171,586
Revaluation reserve	334,826	334,826	361,375	368,364
Accumulated profits	1,537,542	1,537,542	1,441,428	1,439,143
Deferred tax liability	80,649	80,649	55,640	50,936

Presentation of Financial Statements

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

Basis of Preparation and Accounting Policies

The annual financial statements have been prepared on a historical cost basis, except as modified by the revaluation of certain assets, and on the going concern basis. The annual financial statements have been prepared in compliance with the IFRS @ Accounting Standards as issued by the International Accounting Standards Board (IASB), IFRIC @ interpretations issued by the IFRS Interpretations Committee and in the manner required by the Companies Act (CAP 42:01). These policies are consistent with those applied for the year ended 31 March 2023.

Property Revaluations

During the year under review, management revalued its land and buildings, in accordance with BTC's accounting policies as of 31 March 2024. This revaluation was conducted by Minnacl Properties Proprietary Limited, a real estate research and consulting firm registered with the Real Estate Institute of Botswana and Real Estate Advisory Council.

The scope of work required that BTC properties be valued based on open market value, forced sale value, insurance replacement cost, and the leasehold interest in the properties as at the valuation date. The valuation included both remote and physical inspections.

Per company policy, land and buildings are revalued every three years. This valuation covers four categories: land, land improvements, buildings and building improvements, with each category being valued separately.

The 2024 revaluation resulted in a total increase/revaluation surplus of P90 million, reflecting an overall increase in the value of BTC's land and buildings.

Dividend Declaration

The BTC Board has declared dividend of 23.0 thebe per share constituting a special dividend of 15.3 thebe per share and final dividend of 7.7 thebe per share for the full year ended 31 March 2024. 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 gross dividend.

Important dates pertaining to this dividend are:

- Declaration date – 20 June 2024
- Ex-dividend date – 30 July 2024
- Last date to register – 1 August 2024
- Dividend payment date – 14 August 2024

By Order of The Board

Mokgethi Frederick Magapa

Chairperson

Anthony Masunga

Managing Director

Board of Directors

Mokgethi Frederick Magapa (Chairperson), Anthony Masunga (Managing Director), Andrew Johnson*, Ranjith Priyalal De Silva**, Bafana Molomo, Thato Kewakae, Mcedisi Roger Solomon, Amantle Kgosiemang, Itemogeng Basadi Pheto.

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Company Secretary

Sidney Mganga

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