

Press Release – For Immediate Release

13 December 2018

BDC Drives Profitability, Group Profit Before Tax grows by 39% Year-on-Year

Gaborone – Botswana Development Corporation (BDC’s) 5-year strategy continues to bear fruit. On 13 December 2018 at Cresta Lodge, Managing Director, Mr. Bashi Gaetsaloe, presented to stakeholders the Corporation’s financial results for the year ended 30 June 2018 as well as key updates on the business.

"2018 continued to be a challenging year economically both in domestic and global markets – and our financial results partly reflect the impacts of such a toughened trading environment. In the midst of these external factors, we have continued to make progress. We are now in the fourth year of our 5-year strategy and we remain committed to our ambition to double the business in this strategic period. For the year under review we have successfully driven growth across the business including significantly raising our profitability year-on-year at both Group and Company levels," said Mr. Gaetsaloe.

Key highlights for the year under review are as follows:

- Group Profit Before Tax increased by 39% to P187million in 2018 from P135 million.
- Group asset base grew to P4.1 billion in 2018, up 5% from P3.9 billion in 2017.
- Group income closed the year at P444million against last year P403 million, a 10% YoY growth
- Company Profit Before Tax increased by 18% to P244 million in 2018 from P206 million reported in 2017.

The Corporation realised growth in interest income of 20% to P42million against prior year P35million reported. This was a reflection of the expected growth in debt assets, a milestone achieved in correlation with BDC’s business strategy to rebalance the equity/debt asset profile. BDC successfully drove an increase in investment asset values at Group level with financial results for the year under review reporting an accumulative 5% YOY growth of Group assets to P4.1 billion.

In addition to the reported financial results, the Corporation was also pleased to announce that the Moody’s Investors Service has reaffirmed its Baa2/Prime2 rating (with a stable outlook). The rating agency recognised the Corporation’s “strong liquidity and capital buffers, and assumption of a high probability of government support.” BDC’s issuer ratings entail a standalone credit profile of b1, which balances what Moody’s recognises as a strong company solvency and liquidity position against a high concentration of strategic participation in large equity investments.

"Our underlying business remains strong and our results come off the back of our success in driving new business growth as we continue to scope for local and continental partnership opportunities in our targeted sectors. Such interests are mainly in industries that can deliver significant contribution towards Gross Domestic Product (GDP) and the wider socioeconomy. The Corporation has continued to stabilise post our Transformation Programme which entailed a robust turnaround review of our processes, structures and policies. Our post transformation journey is not yet complete, though our results positively report on the continued strengthening of the business and we are confident that the Corporation will continue on this resilient trajectory," concluded Mr. Gaetsaloe.

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NOTES TO THE EDITOR

ABOUT BDC

Botswana Development Corporation Limited, or 'BDC,' is the country's main agency for commercial and industrial development. Established in 1970, the organisation is 100% owned by the Government of Botswana. Its primary mandate is to work towards assisting in the establishment and development of commercially viable businesses in Botswana.

BDC does this through a number of different platforms and channels. Amongst these are the provision of financial assistance to investors with commercially viable projects; supporting of projects that generate sustainable employment for Botswana and add to the skills of the local workforce; and encouraging citizen participation in business ventures.

BDC supports the development of viable businesses that perform one or more of the following functions:

- Pioneer new industries
- Unlock value in existing industries
- Stimulate private sector growth and linkages
- Drive diversification and exports
- Create significant employment
- Generate wealth from outside the country



In the short term, BDC is looking to invest in un-tapped and under-invested sectors such as Energy, Manufacturing, Innovation and Technology as well as Agriculture locally. BDC also has a mandate to invest internationally.

Throughout, BDC intends to promote best practices in business, governance and environmental standards in the funds or companies they choose to invest in. BDC Invests in commercially viable projects in all sectors of the economy except large-scale mining. The types of businesses owned by the Corporation include: Industry/Manufacturing; Agriculture; Services; and Property.