

ENGEN BOTSWANA LIMITED

Audited Group Results for the year ended 31 December 2021

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ABRIDGED GROUP STATEMENT OF COMPREHENSIVE INCOME			
For the year ended 31 December 2021			
	2021	2020	%
	P'000	P'000	Change
Revenue	2,723,001	2,344,081	16.2
Cost of Sales	(2,265,405)	(2,110,949)	
Gross Profit	457,596	233,132	96.3
Other Operating Income	185	3,505	
Operating Expenses			
Foreign exchange gains	2,518	7,736	(67.5)
Administrative Expenses	(20,580)	(21,905)	(6.0)
Distribution & marketing expenses	(80,614)	(75,835)	6.3
Other Operating Expenses	(2,969)	(3,533)	(16.0)
Total Operating Expenses	(101,645)	(93,537)	(8.7)
Operating profit	356,136	143,100	148.9
Share of profit of joint ventures	1,044	4,097	
Finance income	7,463	10,190	
Finance costs	(9,798)	(10,175)	
Profit before tax	354,845	147,212	141.0
Taxation	(93,945)	(49,203)	
Profit for the year attributable to equity holders of the parent	260,900	98,009	166.2
Other comprehensive income	-	-	
Total comprehensive income for the year	260,900	98,009	166.2
Earnings per share (thebe)	163.3	61.4	
Profit before taxation is stated after taking into account the following:			
Depreciation	22,283	31,681	
Staff costs	17,260	16,164	

Note:

The abridged set was extracted from the audited IFRS financial statements.

SUPPLEMENTARY REPLACEMENT COST STATEMENT

For the year ended 31 December 2021			
Replacement cost results			
	2021	2020	%
	P'000	P'000	Change
Historical cost net profit	260,900	98,009	
Less: Inventory effects net of taxation	151,164	3,397	
Inventory profits	193,800	4,355	
Taxation @ 22%	(42,636)	(958)	
Replacement cost net profit	109,736	94,612	16.0
Shares in issue	159,722,220	159,722,220	
Historical cost earnings per share (thebe)	163.3	61.4	
Replacement cost earnings per share (thebe)	68.7	59.2	
Gross dividend per share paid and provided (thebe)	112.1	112.0	
Total gross dividend per share including proposed amount not provided for	175.8	124.7	

STATEMENT OF FINANCIAL POSITION

As at 31 December 2021			
	31 December 2021	31 December 2020	
	P'000	P'000	
ASSETS			
Non current assets			
Property, plant and equipment	351,468	310,129	
Right of Use Assets	78,232	81,984	
Share of investments in joint ventures	40,992	41,948	
Investments	37	37	
	470,729	434,098	
Current assets			
Inventories	38,075	10,682	
Trade and other receivables	442,616	104,336	
Tax receivable	3,528	-	
Forward exchange contract asset	224	861	
Cash and cash equivalents	294,163	390,886	
	778,606	506,765	
Total Assets	1,249,335	940,863	
EQUITY AND LIABILITIES			
Equity			
Stated capital	8,138	8,138	
Non distributable reserve	2,200	2,200	
Retained earnings	668,702	571,078	
	679,040	581,416	
Non-Current Liabilities			
Deferred tax liabilities	4,134	4,622	
Right of Use Lease Liability	79,472	77,628	
Provisions	87,482	57,187	
	171,088	139,437	
Current Liabilities			
Trade and other payables	393,878	210,737	
Tax payable	-	2,548	
Right of Use Lease Liability	4,245	6,618	
Forward exchange contract liability	1,084	107	
	399,207	220,010	
Total liabilities	570,295	359,447	
Total Equity and Liabilities	1,249,335	940,863	

Abridged Group Statement of Changes in Equity

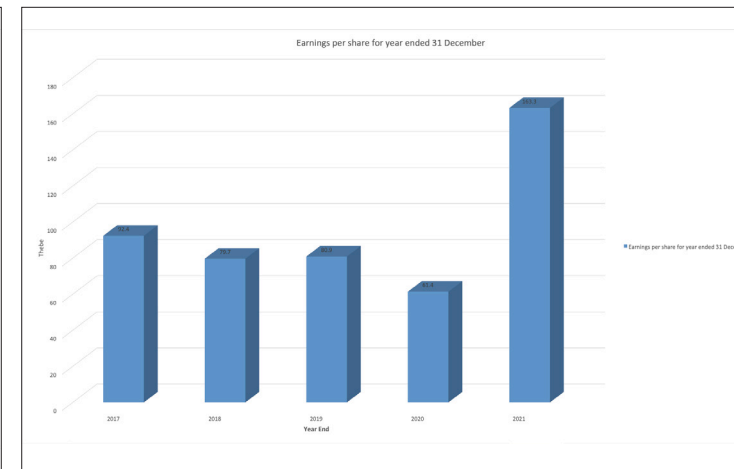
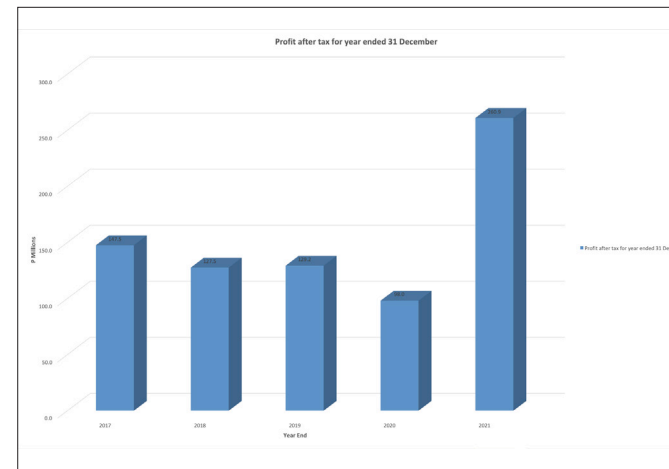
For the year ended 31 December 2021				
	Stated Capital	Non Distributable Reserves	Retained Earnings	Total
	P'000	P'000	P'000	P'000
Balance at 1 January 2020	8,138	2,200	638,541	648,879
Profit for the year	-	-	98,009	98,009
Other comprehensive income for the year	-	-	-	-
Dividends on ordinary shares	-	-	(165,472)	(165,472)
Balance at 31 December 2020	8,138	2,200	571,078	581,416
Profit for the year	-	-	260,900	260,900
Other comprehensive income for the year	-	-	-	-
Dividends on ordinary shares	-	-	(163,276)	(163,276)
Balance at 31 December 2021	8,138	2,200	668,702	679,040

ABRIDGED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021			
	2021	2020	
	P'000	P'000	
Net cashflow from operations	383,828	173,880	
Movement in working capital	(182,532)	(13,968)	
Taxation paid	(100,509)	(49,452)	
Net cash from operating activities	100,787	110,460	
Net cash flows used in investing activities	(28,228)	(31,546)	
Net cash flows used in financing activities	(166,619)	(188,359)	
Net increase in cash and cash equivalents	(94,060)	(99,445)	
Net foreign exchange differences	(2,663)	-	
Cash and Cash equivalents at the beginning of the year	390,886	480,331	
Cash and Cash equivalents at the end of the year	294,163	390,886	

SEGMENT INFORMATION

For the year ended 31 December 2021				
Operating segments				
2021				
	Petrochemical	Property Letting	Consolidated	
	Activities	P'000	P'000	P'000
Revenues	2,723,001	-	2,723,001	
Depreciation	22,283	-	22,283	
Forex gains	2,518	-	2,518	
Finance costs	(9,798)	-	(9,798)	
Taxation	(93,945)	-	(93,945)	
Share of profit of joint ventures	-	1,044	1,044	
Profit for the year after tax	259,856	1,044	260,900	
Total assets	1,208,343	40,992	1,249,335	
Total liabilities	570,295	-	570,295	
Capital expenditure	30,228	-	30,228	
2020				
	Petrochemical	Property Letting	Consolidated	
	Activities	P'000	P'000	P'000
Revenues	2,331,368	-	2,331,368	
Depreciation	31,681	-	31,681	
Forex gains	7,736	-	7,736	
Finance costs	(10,175)	-	(10,175)	
Taxation	(49,203)	-	(49,203)	
Share of profit of joint ventures	-	4,097	4,097	
Profit for the period after tax	93,912	4,097	98,009	
Total assets	898,915	41,948	940,863	
Total liabilities	359,447	-	359,447	
Capital expenditure	37,868	-	37,868	



Independent Auditor's Report

The independent auditors, Ernst & Young, have issued their opinion on the Group's financial statements for the year ended 31 December 2021. The audit was conducted in accordance with International Standards on Auditing. They have issued an unmodified audit opinion. These summarised financial statements have been derived from the Group financial statements and are consistent in all material respects with the

Group's financial statements. A copy of the audit report is available for inspection at the Group's registered office. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the Group's auditors.

Basis of Preparation and Accounting Policies
The financial statements have been prepared in compliance with; the International Financial

Reporting Standards (IFRS) issued by the International Accounting Standards Board ('IASB'), interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and the requirements of the Companies Act of Botswana (Companies Act, CAP 42:01).

Executive Comments

This press release provides an overview of our financial performance for the year ended 31st

December 2021.

The domestic economy experienced strong GDP growth recovery in 2021 in spite of the constraints posed by the Covid -19 pandemic. The global economic activity still remained susceptible to the constraints imposed by the pandemic and the measures that were taken by the various jurisdictions to manage the spread of the disease.

On the local front, the government undertook the necessary measures to manage the spread of the Covid-19 virus including:

- Restriction of international travel;
- Hard lockdowns during certain periods;
- Imposition of a curfew which restricted movements during particular hours of the night;
- Instituted rigorous Covid-19 testing protocols at points of entry into Botswana; and
- Instituted Permit protocols for inter-zonal travel.

All of these actions were necessary but unfortunately had an adverse impact on the business operations of Engen Botswana Limited arising from the constrained off-take of petroleum products. Many other economic sectors with a direct / indirect relationship with the Group were affected including, tourism, construction and to some degree manufacturing. In spite of these headwinds, the group delivered very strong results during the 2021 financial year.

The retail channel continued to remain the cornerstone of the business in Botswana. This channel continued to deliver strong results generated from fuels and non-fuel revenues. These results were achieved through a greater focus on efficiency improvements and cost management. Four new, full offer, retail outlets were streamed during the year with a number of others being in the final stages of planning for 2022.

Engen Botswana Limited continued to diversify its commercial sales channel so as not to be overly dependent on any one sector of the economy thus mitigating concentration risk, while providing value adding business solutions in a safe manner that is in line with international best practices. This channel continued to be highly price competitive and the Group had to continuously manage the effects of strong price competition in order to remain competitive in the market.

We remain optimistic about the business environment and continue to embrace our long-term strategic intent to grow the Engen brand in the Botswana market and be the leading brand of choice in this market.

We recognise the commitment of our investors to the Group, and therefore one of our key objectives is to ensure that the Group delivers long term,

sustainable and robust performance and value to our shareholders through leverage on technology, people, know-how, strong partnerships and adaptation to the rapidly changing business operating conditions.

The Group results, tabled below, testify to the success of the Group's business model under challenging economic and social circumstances. The Group results are underpinned by a strong focus on our key values of Integrity, Performance, Team-work, Empowerment and Ownership.

Financial Performance

Financial performance comments:

Revenue increased by 16% mainly due to the effects of the Covid-19 pandemic. Retail and Commercial volumes increased by 11% and 6% respectively. The lock downs and other measures that were imposed to stop the spread of the virus affected the consumption of petroleum products significantly. There were four price adjustments and one margin increase during the year.

Foreign exchange gains decreased from P7.7 million at the end of 2020 to P2.5 million at the end of 2021.

The Group exercised good margin management and cost control throughout the year.

Overall, the Group's performance reflects a net profit after tax P260.9 million.

The Group performed above expectations on a replacement cost basis which represents the net profit after tax excluding the effects of inventory revaluations caused by movements in global crude oil prices. The replacement cost net profit increased from P94.6 million to P109.7 million from 2020 to 2021 representing a 16% increase.

Operating Review

Crude oil prices increased steadily due to increased demand as many countries came out of hard lockdown. The steady increase in crude oil prices resulted in significant inventory revaluation gains throughout the year.

In spite of the difficult and unprecedented trading conditions, both within Botswana and internationally, the Group continued to perform very well by growing shareholder value during the course of 2021.

Fuel supply of most of the products into Botswana from our supply sources was reasonably stable during the course of the year with the exception of LPG which was affected by the decommissioning of the Engen refinery in South Africa.

The retail network operated slightly lower than expected due to the depressed retail fuels demand arising from the rapid increase in fuel pump prices during the course of the year.

The Group competed effectively in the

market and utilised its strong brand profile and consistent convenience and service offering to retain existing business and attract new customers.

The commercial side of the business continued to deliver strong results which exceeded expectation. Distributors of lubricants continued to play a pivotal role in the good financial performance of this channel. The Group achieved a good Net Promoter Score which was testimony to Engen Botswana team's dedication to customer centricity.

Health, Safety and Environmental (HSE) Key Performance Indicators for the year under review were met and in many cases exceeded. This continues to be a key focus area in our business and there is zero tolerance to actions or behaviour that will compromise our stringent HSE standards.

Efficiency continued to be enhanced in the Distribution part of the business in order to ensure 'On Time and In Full' deliveries, a healthy level of 'Inventory Days of Supply' and the effective management the 'Cost to Serve'.

Conclusion

The Directors of the Group would like to thank our valued customers, suppliers, shareholders and all other stakeholders for their on-going support which contributed towards the successful year of Engen Botswana Limited. The directors would also like to extend their appreciation to the management and staff for the tremendous effort applied during the year under review that ensured that we maintained our position as one of the leading petroleum companies in Botswana.

By order of the Board

Dr S Ndzinge (Chairman)

C C Monga (Managing Director)

15 March 2022
Declaration of Final Dividend No. 58

Notice is hereby given that a final gross dividend of 63.7 thebe per share in respect of the year ended 31 December 2021 has been declared payable to ordinary shareholders registered in the books of the Group at the close of business on 15 April 2022 with an ex-dividend date of 13 April 2022.

In compliance with the requirements of the Income Tax Act, withholding tax at the rate of 10% will be deducted by the company from all dividends.

Dividend cheques and transfers will be dispatched by the Transfer Secretaries on or about 25 April 2022. A shareholder who requires the company to make any changes in regard to the payment of their dividend must lodge a written request with the Transfer Secretaries on or before 22 April 2022.

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