

ENGEN BOTSWANA LIMITED

Audited Group Results for the year ended 31 December 2022



With us you are Number One

ABRIDGED GROUP STATEMENT OF COMPREHENSIVE INCOME			
For the year ended 31 December 2022			
	2022 P'000	2021 P'000 Restated	% Change
Revenue from contracts with customers* / **	4,112,311	2,278,529	80.5
Cost of goods sold*	(3,650,301)	(1,834,310)	
Gross Profit	462,010	444,219	4.0
Other revenue**	13,636	13,377	
Other Operating Income*	1,569	185	
Operating Expenses			
Foreign currency gains	9,432	2,518	274.6
Administrative Expenses*	(18,190)	(23,814)	(23.6)
Distribution & marketing expenses	(111,846)	(80,613)	38.7
Other Operating Expenses	(4,040)	(2,969)	36.1
Share of profit of joint ventures	5,596	1,044	
Finance income	5,085	7,463	
Finance costs*	(9,819)	(8,903)	
Profit before tax	353,433	352,807	0.2
Taxation	(87,330)	(93,497)	
Profit for the year attributable to equity holders of the parent	266,103	259,310	2.6
Other comprehensive income	-	-	
Total comprehensive income for the year	266,103	259,310	2.6
Earnings per share (thebe)	166.60	162.35	
Profit before taxation is stated after taking into account the following:			
Depreciation*	46,528	25,517	
Staff costs	17,660	17,260	

Note:

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

The group's 2021 financial results were restated due to correction of prior period errors. The restated figures have been marked with Asterisk**.

During the current year, in order to achieve clearer distinction between revenue from trading activities and those from other sources, the Group and Company has re-presented revenue (previously presented as a single line item in the Statement of Profit or Loss and Other Comprehensive Income) as two separate line items. The Revenue from contracts with customers and Other revenue figures are marked with Double Asterisk**.

SUPPLEMENTARY REPLACEMENT COST STATEMENT			
for the year ended 31 December 2022			
Replacement cost results	2022 P'000	2021 P'000 Restated	% Change
Historical cost net profit*	266,103	259,310	
Less: Inventory effects net of taxation	162,061	151,164	
Inventory profits	207,770	193,800	
Taxation @ 22%	(45,709)	(42,636)	
Replacement cost net profit	104,042	108,146	(3.8)
Shares in issue	159,722,220	159,722,220	
Historical cost earnings per share (thebe)*	166.60	162.35	
Replacement cost earnings per share (thebe)*	65.14	67.71	
Gross dividend per share paid and provided (thebe)	79.40	112.00	
Total gross dividend per share including proposed amount not provided for	150.30	124.70	

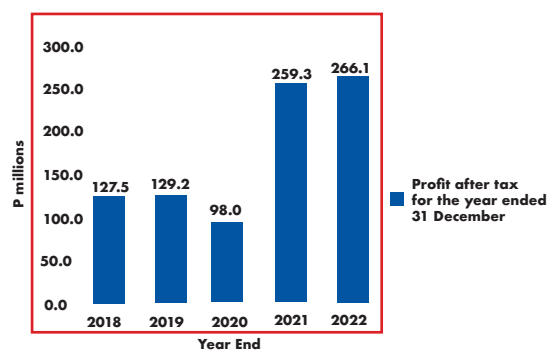
STATEMENT OF FINANCIAL POSITION			
As at 31 December 2022			
	31 December 2022 P'000	31 December 2021 P'000 Restated	
ASSETS			
Non current assets			
Property, plant and equipment*	320,418	347,507	
Right of Use Assets	74,974	78,232	
Share of investments in joint ventures	42,268	40,992	
Investments	37	37	
Deferred tax asset	4,022	-	
	441,719	466,768	
Current assets			
Inventories	65,335	38,075	
Trade and other receivables	493,243	442,858	
Tax receivable	10,156	3,528	
Forward exchange contract asset	1,262	224	
Cash and cash equivalents	345,586	294,163	
	915,582	778,848	
Total Assets	1,357,301	1,245,616	
EQUITY AND LIABILITIES			
Equity			
Stated capital	8,138	8,138	
Non distributable reserve	2,200	2,200	
Retained earnings*	837,903	685,924	
	848,241	696,262	
Non-Current Liabilities			
Deferred tax liabilities*	-	8,992	
Right of Use Lease Liability	80,550	79,472	
Provisions*	35,573	61,441	
	116,123	149,905	
Current Liabilities			
Trade and other payables	390,638	394,120	
Tax payable	-	-	
Right of Use Lease Liability	2,299	4,245	
Forward exchange contract liability	-	1,084	
	392,937	399,449	
Total liabilities	509,060	549,354	
Total Equity and Liabilities	1,357,301	1,245,616	

ABRIDGED STATEMENT OF CASH FLOWS			
For the year ended 31 December 2022			
	2022 P'000	2021 P'000 Restated	
Net cashflow from operations*	395,267	383,827	
Movement in working capital	(103,710)	(182,531)	
Taxation paid	(106,970)	(100,509)	
Net cash from operating activities	184,587	100,787	
Net cash flows used in investing activities	(36,711)	(28,228)	
Net cash flows used in financing activities	(96,554)	(166,619)	
Net increase in cash and cash equivalents	51,322	(94,060)	
Net foreign exchange differences	101	(2,663)	
Cash and Cash equivalents at the beginning of the year	294,163	390,886	
Cash and Cash equivalents at the end of the year	345,586	294,163	

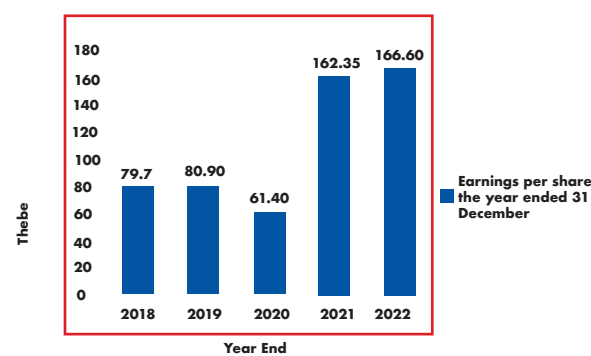
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SEGMENT INFORMATION				
For the year ended 31 December 2022				
Operating segments				
2022				
	Petrochemical Activities	Property Letting	Consolidated	
	P'000	P'000	P'000	P'000
Revenue from contracts with customers	4,112,311	-	4,112,311	
Total segment revenue	4,112,311	-	4,112,311	
Results				
Depreciation	46,528	-	46,528	
Forex gains	9,432	-	9,432	
Finance costs	(9,819)	-	(9,819)	
Taxation	(87,330)	-	(87,330)	
Share of profit of joint ventures	-	5,596	5,596	
Profit for the year after tax	260,507	5,596	266,103	
Total assets	1,315,033	42,268	1,357,301	
Total liabilities	509,060	-	509,060	
Capital expenditure	41,370	-	41,370	
2021				
	Petrochemical Activities	Property Letting	Consolidated	
	P'000	P'000	P'000	P'000
Revenue from contracts with customers*	2,331,368	-	2,331,368	
Total segment revenue	2,331,368	-	2,331,368	
Results				
Depreciation*	25,517	-	25,517	
Forex gains	2,518	-	2,518	
Finance costs*	(8,603)	-	(8,603)	
Taxation*	(49,203)	-	(49,203)	
Share of profit of joint ventures	-	1,044	1,044	
Profit for the period after tax*	258,266	1,044	259,310	
Total assets*	1,204,624	40,992	1,245,616	
Total liabilities*	549,354	-	549,354	
Capital expenditure	30,228	-	30,228	

Profit after tax for the year ended 31 December



Earnings per share the year ended 31 December



INDEPENDENT AUDITOR'S REPORT

The independent auditors, PricewaterhouseCoopers, have issued their opinion on group's financial statements for the year ended 31 December 2022.

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 2022.

GDP growth continued to recover in 2022 due to it being the first full year without any Covid-19 restrictions. The global economic performance was affected mainly by high inflation and in particular high fuel prices that were caused by the Russia/Ukraine conflict which started in February 2022.

The economy was affected by low consumer disposable incomes, and this affected sales volumes during the year which were not able to rise above pre Covid-19 levels.

Despite these challenges, the group delivered very strong results during the 2022 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. One new, full offer, retail outlet was streamed during the year with a few others which are in the network plan for streaming in 2023.

The group continued to diversify its commercial sales channel in order to strengthen its volume performance. 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 believe that high levels of opera-

tional efficiency and the responsible conduct of our business in line with our values and cultural beliefs will stand us in good stead to surmount the challenges that we may encounter in the future. This will assist to deliver strong results for our shareholders and continue to make a meaningful contribution to the economic prosperity of Botswana.

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 from contracts with customers increased by 80.5% mainly due to the numerous and significant fuel price increases emanating from the Russia/Ukraine conflict. Retail volumes decreased by 10.8% and Commercial volumes increased by 29.7%. There were six price adjustments and one industry margin increase during the year.

Foreign exchange gains increased from P2.5 million at the end of 2021 to P9.4 million at the end of 2022.

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

Overall, the group's performance reflects a net profit after tax of P266.1 million.

The group performed below 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 decreased from P108.1 mil-

lion to P104.0 million from 2021 to 2022 representing a 3.8% decrease.

We draw attention to the decline in Net Profit After Tax of P21.0 million between the Unaudited Preliminary Financial Statements and the Audited Financial Statements of P287.1 million and P266.1 million respectively. This was because of a correction to depreciation of P26.1 million and the deferred tax impact of P5.1 million.

OPERATING REVIEW

Crude oil prices increased steadily due to increased demand as a result of the constraints caused by the Russia/Ukraine war. The steady increase in crude oil prices resulted in significant inventory revaluation gains throughout the year.

Despite 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 2022.

Fuel supply of most of the products into Botswana from our supply sources was reasonably stable during the course of the year and we were able to supply our customers without any stock outs.

The retail network operated lower than expected mainly due the high cost of fuel which curtailed travel of many consumers.

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 expectations. 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. There was very strong price competition in this sector, however, the group managed to deliver robust performance.

Health, Safety, Environmental and Quality (HSEQ) 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 HSEQ standards. No major health and safety incidents were recorded in 2022.

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)

B F Sameke (Acting Managing Director)

23 June 2023 Declaration of Final Dividend No. 60

Notice is hereby given that a final gross dividend of 70.9 thebe per share in respect of the year ended 31 December 2022 has been declared payable to ordinary shareholders registered in the books of the Group at the close of business on 21 July 2023 with an ex-dividend date of 19 July 2023.

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 27 July 2023. A shareholder who requires the company to make any changes regarding the payment of their dividend must lodge a written request with the Transfer Secretaries on or before 24 July 2023.

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Transfer Secretaries
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