

# BTC notches its highest profits in 10 years

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**W**ith a 52.2 percent increase on the previous year, the Botswana Telecommunications Corporation (BTC) has posted year-end net profits of P181 million, the highest in 10 years.

The financials were released yesterday for the year ended March 31, 2010. BTC's year-end results indicate that the utility's net profits of P138.8 million in 2006 were the closest BTC came to this record-breaking performance.

The results also indicate that BTC's operating revenues nearly touched the P1 billion mark at P958.4 million, up 14.7 percent from 2009. The parastatal was also able to shave P60 million off its debts for the year and halved the cost of its loans to P10.28 million.

Other financial indicators such as capital expenditure, debt to equity ratio and growth prospects were all positive, with BTC due to pay the government a P45.3 million dividend. BTC officials say the record profits are attributable to higher revenues from both national and international voice calls, as well as income from data and private circuits.

Voice call revenues accounted for P383.4 million or 40 percent of total revenues for the year, growing by 1.9 percent from the previous year.

But it is data services that recorded the biggest increase in contribution to revenues, rising from P249.9 million last year to about P400 million. A commentary accompanying the latest results reads:

"BTC considers data services as one of its

future growth areas. BTC is establishing itself as a leading provider of managed network solutions that will enable customers to enjoy superior and reliable service."

"For that reason, BTC will continue to invest in its broadband networks, expanding their capacity and reach.

"This expenditure, together with the increase in revenue, demonstrates the Corporation's targeted shift from being a simple voice telephony provider to a composite telecommunications solution provider where broadband networks are likely to be a key revenue driver." Underpinning BTC's strong performance for the year was a capital investment of P313.8 million in line with the Corporation's strategic objectives and targets for the 2009/10 financial year.

For the year under review, BTC planned to continue building "a superior network to handle expanded data handling ability" while "continuing with network availability and quality and also developing better network management and data services".

The BTC group, which consists of the wholly-owned BTC, Botsnet and beMobile subsidiaries, expects to derive further growth in the market this year, leveraging on favourable mobile telephony statistics, its key strength of a high quality and expansive network and numerous opportunities for new business. Meanwhile, President Ian Khama says public shares from BTC, which will be sold in stages to Botswana, will become available from April 2011.

In his State of the Nation speech on Monday, Khama said shares would be sold to citi-

zens on condition that the government would have the first option of acquisition in the event of citizen investors disposing of their shares.

The Public Enterprises Evaluation and Privatisation Agency (PEEPA) has said an Initial Public Offer (IPO) for BTC shares will be floated early next year.

The IPO will represent shares drawn from the 49 percent shareholding the government is disposing of in BTC. BTC spokesperson, Anno Tshipa, recently told *Mmegi* that discussions between BTC, PEEPA and the government were ongoing on the amount of shares to be set aside for the parastatal's current and future employees. "Our chairman recently said Government had decided that the privatisation would proceed with 49 percent of the company being sold off in shares and out of that, there would be some for BTC workers," she said.

"What that percentage is was not defined at the time. The privatisation master plan does provide for a percentage of shares to be set aside for workers. Discussions are ongoing about this."

The privatisation of the parastatal has been facilitated by the Botswana Telecommunications Corporation Transition Act, which has enabled the establishment of BTC as a public company under the Companies Act.

Under the Act, the Minister of Transport and Communications can acquire, hold, dispose of and otherwise deal with the financial interests of the government in the company and enter into any agreement or arrangement necessary or incidental to any activity mentioned in the Act.