




# **BOTSWANA INSURANCE HOLDINGS LIMITED 2018 FULL YEAR END RESULTS ANNOUNCEMENT**



## Agenda

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- Welcome Remarks : Ms Batsho Dambe-Groth,  
BIHL Board Chairperson
  - Group Operational Overview : Ms Catherine Lesetedi,  
BIHL Group CEO
  - 2018 Financial Results : Mr Kudakwashe Mukushi,  
BIHL Chief Financial Officer

# BIHL Combined Strength



## 100% SUBSIDIARY



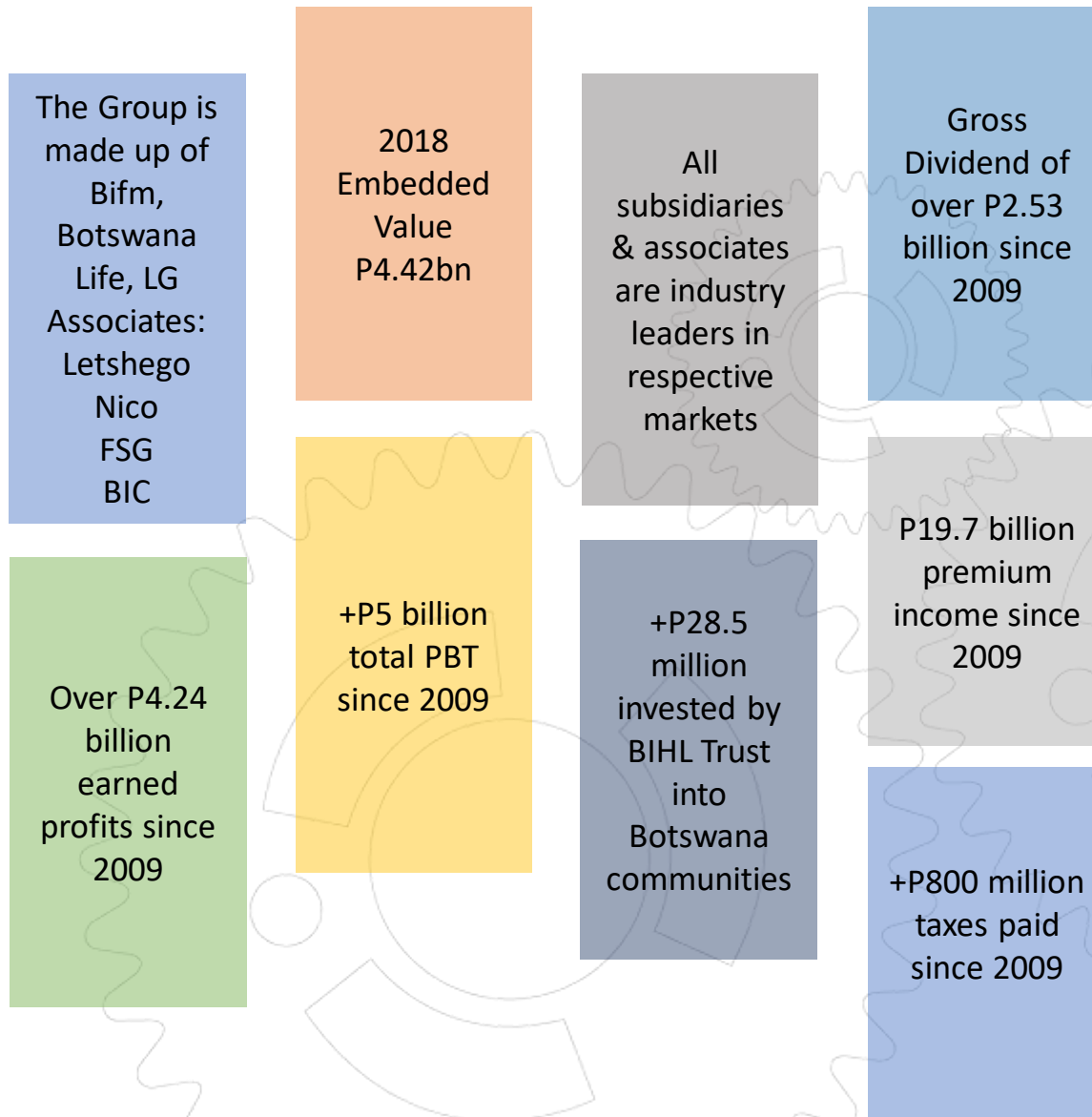
## BIHL TOP SHAREHOLDERS

<b>SANLAM</b>	<b>58.7%</b>
<b>BPOPF</b>	<b>16%</b>
<b>MVA FUND</b>	<b>3.8%</b>
<b>OTHER</b>	<b>21.5%</b>

## ASSOCIATES

 <b>Letshego</b>	<b>26.17%</b>
<b>Botswana</b> Insurance Company Limited <small>Insurer of first choice since 1975</small>	<b>50%</b>
 <b>FSU</b> LIMITED	<b>36.38%</b>
 <b>NICO</b> Holdings Plc	<b>25.1%</b>

# Notable Facts and Figures About Our Group Over the Last 10 Years





## 2018 Strategy Progress

*Twin strategy of sustainable growth and profitability*

# Brief Highlights

## Revenue



- Recurring premium income grew by 8% from P1.25 billion to P1.35 billion
- Strong revenue growth and AUM levels amidst competitive pressure faced by underlying businesses.
  - AUM Growth: 3% to P27.5 billion.
  - Fees revenue 4% higher to P107 million
- Administration expenses P16m lower than prior year
- Significant improvement in group life assurance and group funeral income (111% and 117% of prior year respectively)
- Good uptake of BLIL risk products launched in 2017; over 10,000 Poelo policies sold

# Brief Highlights

## Resilience



- Businesses maintained relative market strength in spite of firming up competition
- Improved Legal Guard profitability
- Positive retention and securing of new mandates
- The Group remains well positioned in terms of capital management and solvency
- Marginal lapse rate improvements in the life business towards year end
- Return to Group Equity Value increased to 14% from 7% (Dec 17)

## Business Improvement



- Efficiency enhancements through new administration systems; Botswana Life Group business conclusion and Unit Trust
- Improved client solutions in newly launched products at Legal Guard and Botswana Life

# Challenges During the Period

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## Challenges remaining from half year

- Enforcement of AML/KYC requirements affected new business activities negatively for both Botswana Life and Legal Guard
- Aggressive competitor pricing on group schemes
- Poor claims experience on group schemes, reversing the operating profit gains at half year
- Discretionary incomes continue to be under pressure



# Strategic Progress FY 2018



Deliver  
Sustainable  
Growth

Value of new  
business  
decreased by 1%  
to  
P147 million

- Maintained stability in a challenging environment
- Yet another innovative product launched in November 2018. Botswana Life international Investment Plan, the first of its kind in the country.
- New strategic partnerships signed up, contributing positively to income and profitability
- Channel initiatives to improve productivity
- KYC and AML compliance project coupled with analysis of legislative instruments affecting financial services

# Strategic Progress FY 2018



Deliver  
Sustainable  
Growth

BLIL operating  
Profit 12% over  
prior year at  
P366.3 million

- Optimization of the internal processes is ongoing
- Maximize value through segmentation and file size management
- Distribution Transformation project commenced and expected to yield results in 2019
- Good market acceptance of Poelo Product launched in 2017. Over 10,000 policies sold in 2018
- Improvements from Business Development group scheme acquisitions
- Employees graduated from the Ba Isago Diploma in Insurance

# Strategic Progress FY 2018



## Build on our Strengths

Assets Under Management increased by 3% to P27.5 billion

Operating Profit declined by 2% from P63m to P62m

- Continued to show resilience, maintaining market leadership position
- Mandates retained and additional mandates won
- Successful change in Unit Trust liability administration system leading to improved client servicing
- Retail direct sales channel established and promotional activity enhanced
- Zambia Operations not performing as expected due to unrealized activities expected to take place in 2018
- New graduate program successful



# Strategic Progress FY 2018



## Improve profitability

Operating Profit  
is 151% ahead of  
Prior year

YoY Revenue  
declined by  
7%

- Benefit realization of previous year activities such as 2017 restructuring
- Continued improvement in claims administration processes and claims management
- New business below expectation and further negatively affected by KYC/AML
- Through management focus, there were signs of sales improvement in the latter part of the year

# Strategic Progress FY 2018

## Associates Performance

- FSG new operation in Zimbabwe slow start
- Letshego positive loan book growth. Net Interest Income and PBT improved over prior year , however PAT was negatively affected by impairments and higher effective tax rate.
- Nico holdings performance met expectation on the back of a strong life insurance and asset management performance.
- BIC performance satisfactory given the restructuring costs incurred during the year

Associates Profit  
after Tax P51,4m  
against P72,9m last  
year

## **BIHL Trust**

*Established in 2007*





BIHL Trust 2017-2022  
strategy supports  
community projects  
aligned with:

- ☐ Education
- ☐ Social upliftment
- ☐ Economic Empowerment
- ☐ Public Health
- ☐ Recreation
- ☐ Conservation of the Environment

- The BIHL Group's CSI initiatives are mainly aimed at addressing some of the many and varied issues around unemployment
- Over 28million in community investments since inception
- Disability development support through Autism Botswana
- Six Thomas Tlou scholarships awarded
- BIHL App Development Hackathon Competition

# Economic Highlights

- Global growth forecast : 3.9% in 2018 from 3.8% reported in 2017 (IMF)
- Annual GDP growth to September 2018; 5.1%
- Inflation remained within the Bank of Botswana objective range ending the year at 3.8%
- Bank of Botswana maintained the bank rate throughout the year owing to favourable medium term inflation outlook and suppressed demand side inflationary pressures
- Upbeat growth expectations. Domestic economy anticipated to grow by 4.5% in 2018 and 4.2 percent in 2019 (Budget speech : February 2019)

# 2018 Highlights against Prior Year

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Net insurance premium income increased by 1% to P 2.35 billion



**Recurring premium income grew by 8% from P1.25 billion to P1.35 billion**



Value of new business decreased by 1% to P 147 million



Fee revenue increased by 4% to P 107 million



Operating profit increased by 12% to P 375 million



Assets under management increased by 3% to P27.5 billion

Profit attributable to equity holders increased by 6% to P 370 million



# 2018 Highlights

- ↓ Associates' share of profits decreased by 28% to P52.9 million due to effective tax rate increase for Letshego as well as an increase in impairments
- ↑ Embedded value increased by 3% to P 4.42 billion. (June 2017: P 4.31 billion)
- ↑ Return on Group Embedded Value 14% (Dec 2017: 7%)

***Solvency:*** Business is well capitalized, required capital for the Group is covered 4.7 times (Dec 2017: 5.4 times)

# BIHL Strategy 2019-2023

*Deliver value through maximisation of Group capabilities*



# BIHL Group Mission and Aspiration – 2019 to 2023

**Mission:** We engineer legacies for our customers and deliver exceptional returns for our shareholders through service excellence in wealth and insurance management



**Vision:** To be the leading client-centric, broad based financial services group in markets we choose to operate in





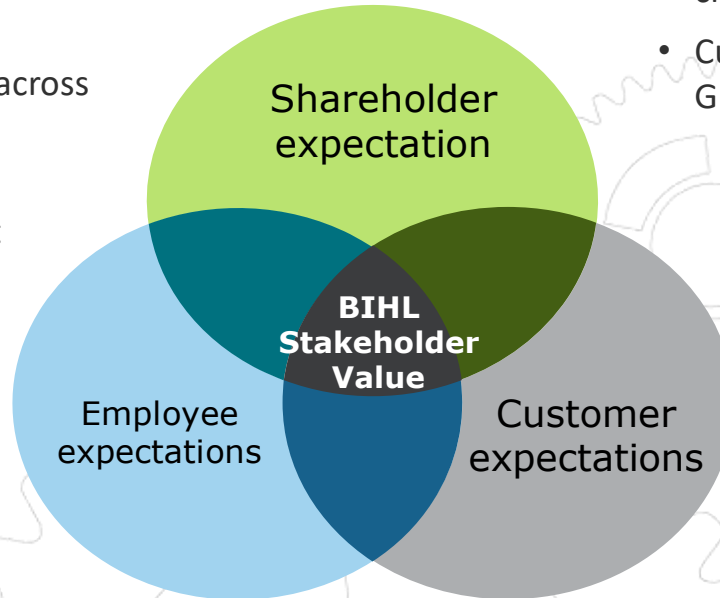
# BIHL VALUES

EVERY ACTION AND INDEED TRANSACTION  
IS PREMISED ON LIVING TRUE TO A FIRMLY  
**ENTRENCHED SET OF VALUES.**



# BIHL Group Value Creation - Value to Stakeholders

- Meeting shareholder returns and value expectations
- Maintaining a strong Botswana footprint
- Delivering new business across wealth and insurance
- Ensuring proper risk and compliance management



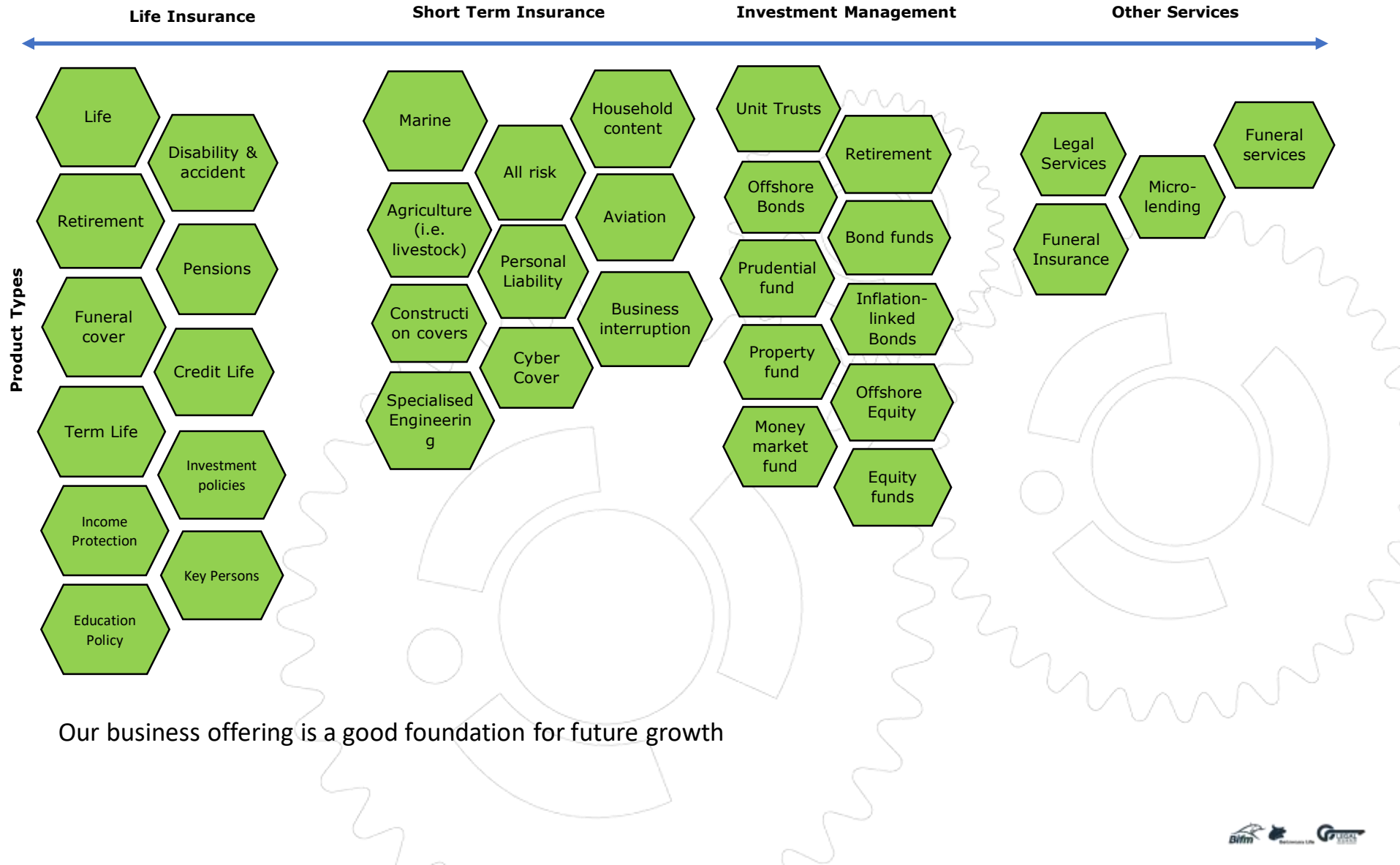
- Service excellence standards
- Strengthen value proposition to our clients
- Customer experience that benefits from Group synergies

- Attracting and retaining top talent
- Inter-group talent to optimise allocation

- Adherence to the highest standard of corporate governance, social and ethical responsibility and accountability stakeholders

# Where we Play: Lines of Business

Our core business is in wealth and insurance protection

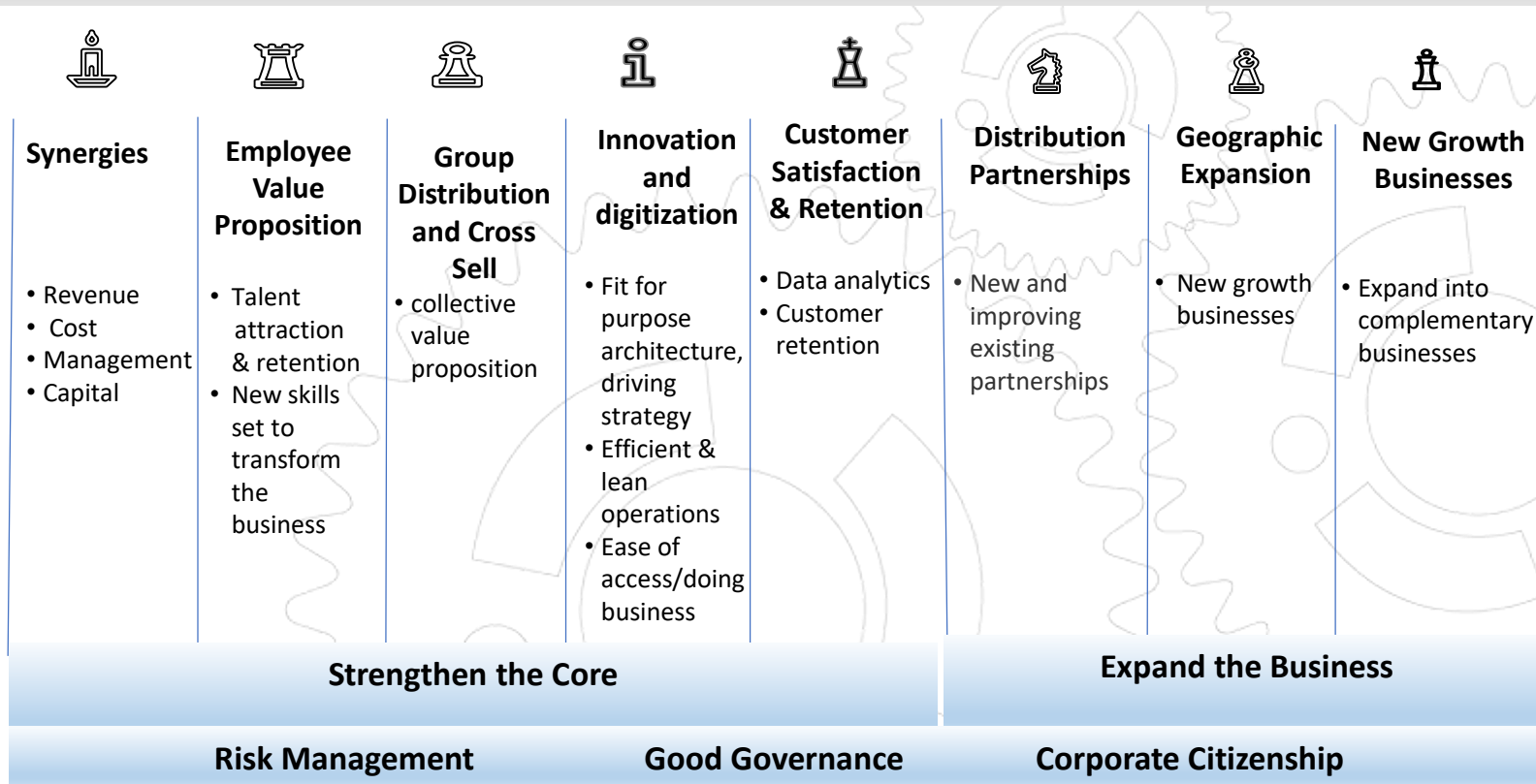


Our business offering is a good foundation for future growth


# BIHL Strategic Focus Areas – 2019 to 2023

Delivering on our promise for sustainable returns (ROGEV)

To be the leading client-centric, broad based financial services group in markets we choose to operate in





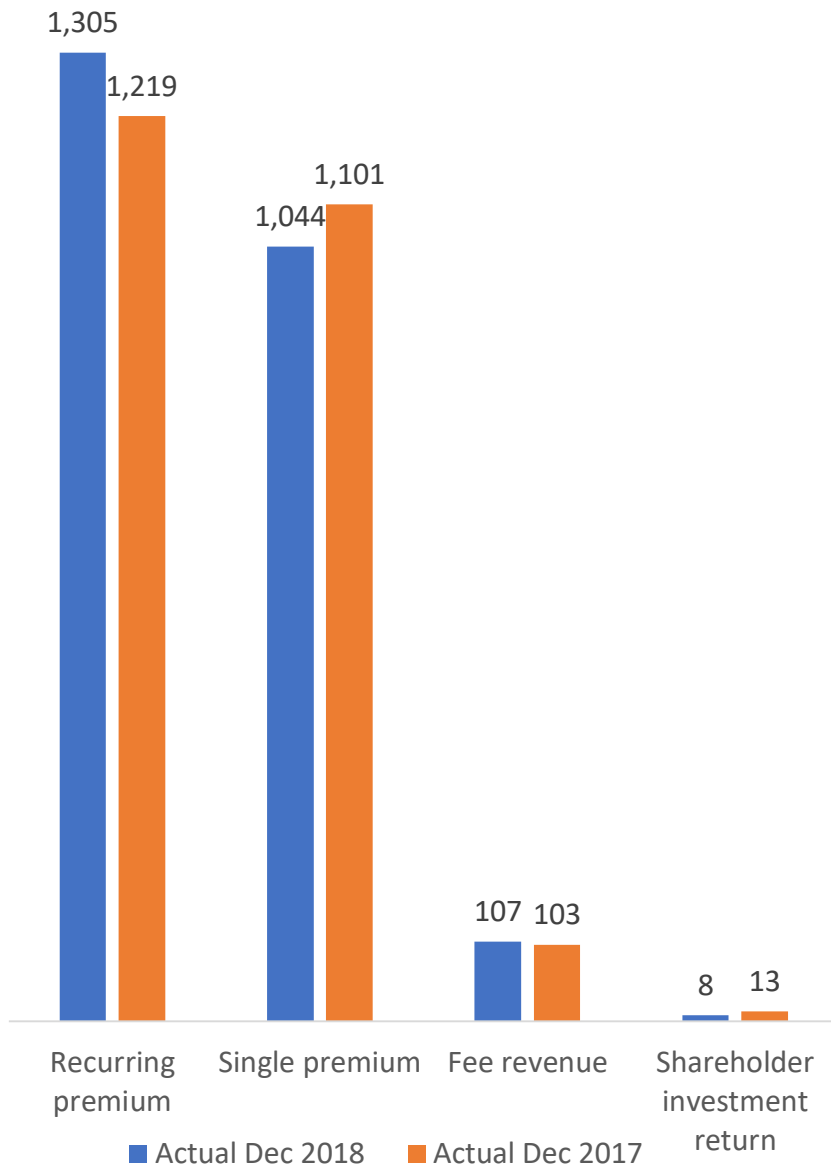


# Financial Overview for the Full Year Ended 31 December 2018

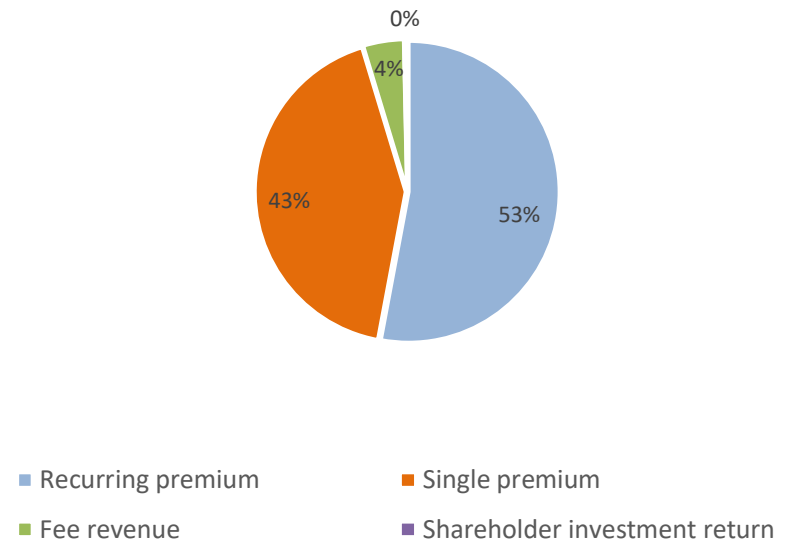
Kudakwashe Mukushi  
Group Chief Financial Officer

# Revenue

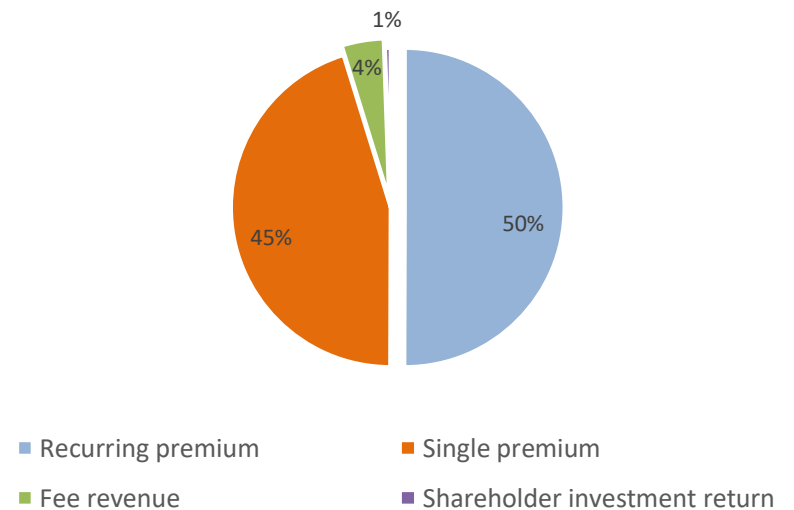
BWP Million



Actual Dec 2018

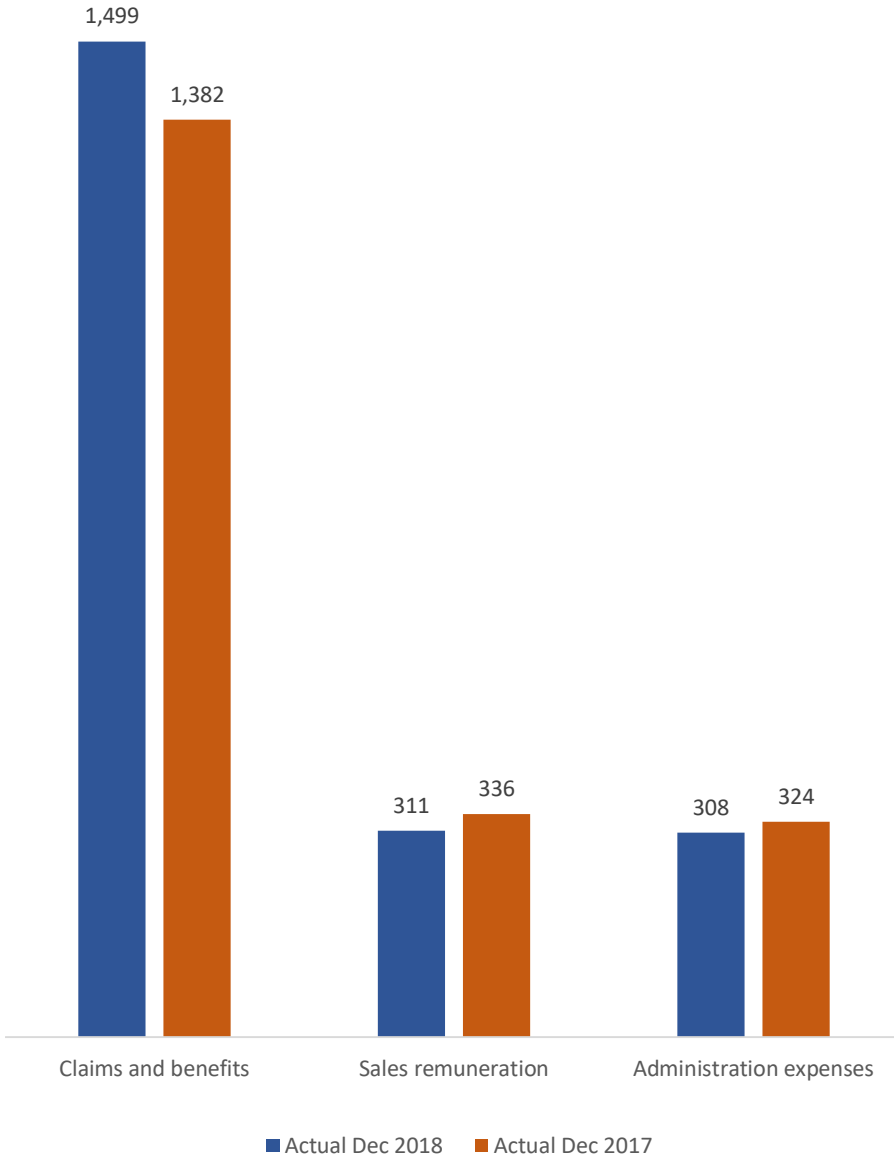


Actual Dec 2017

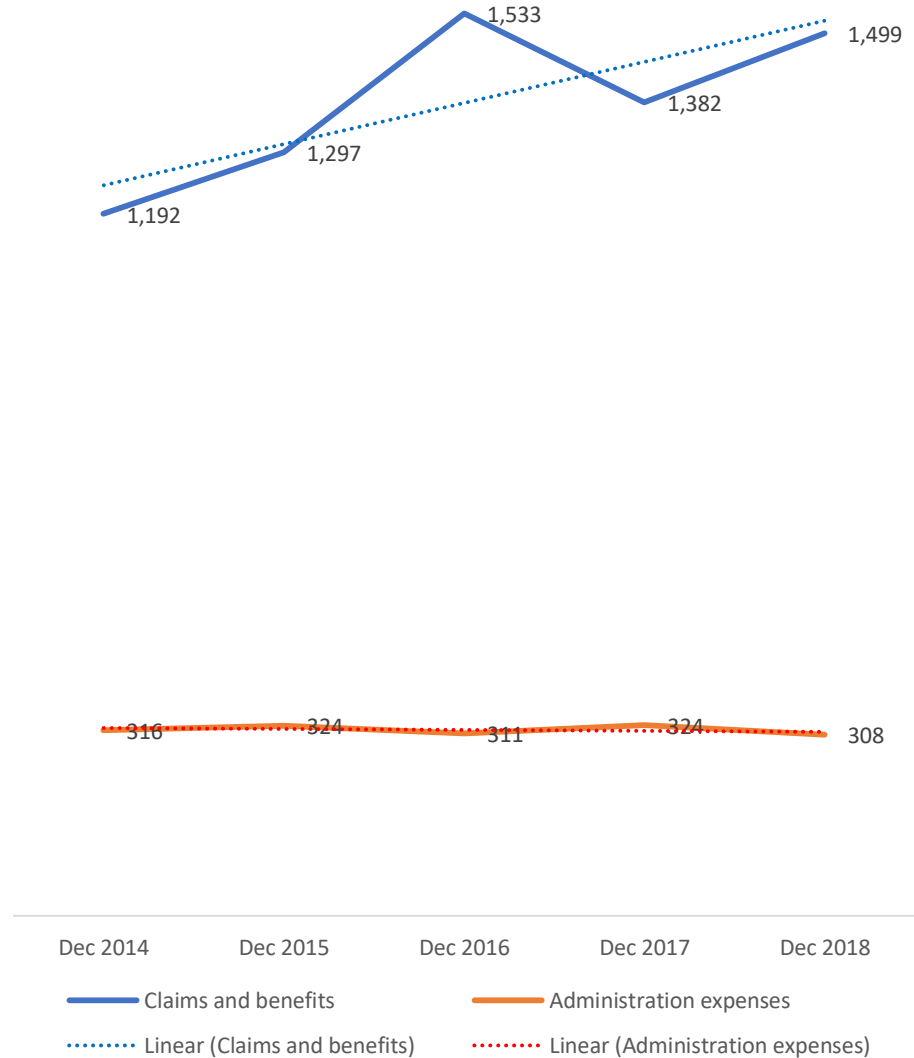


# Expenses

BWP Millions

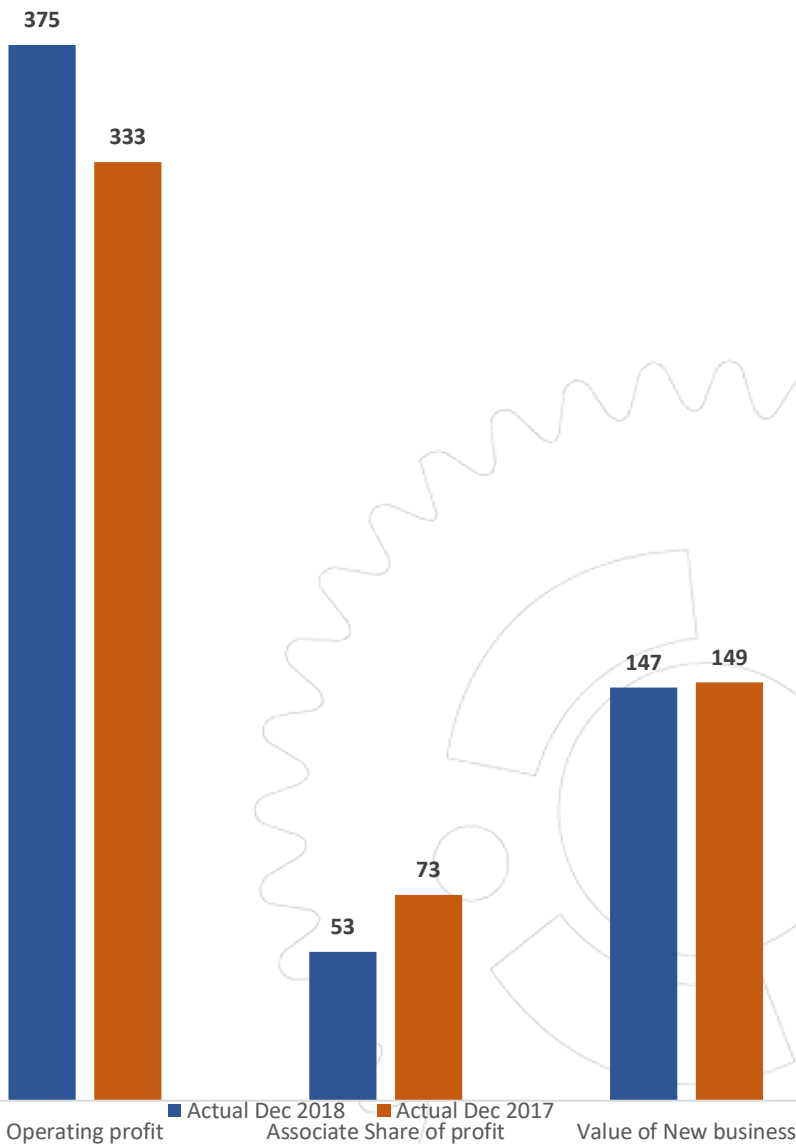


Sustainability BWP Million

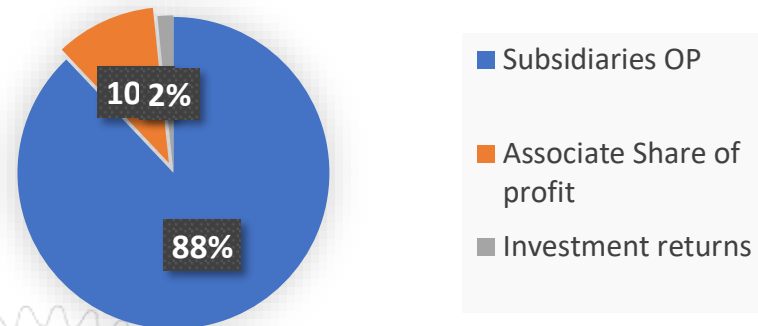


# Profitability

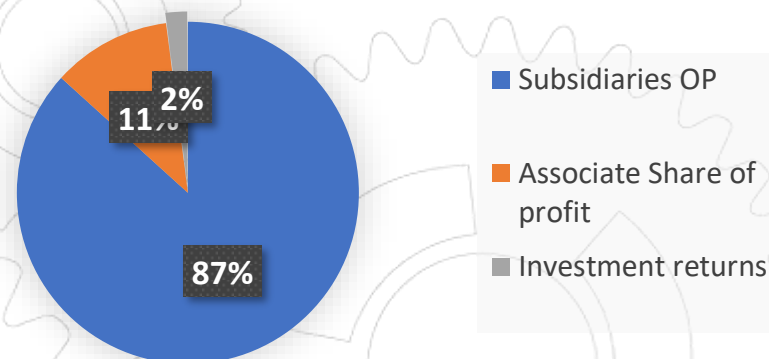
BWP Million



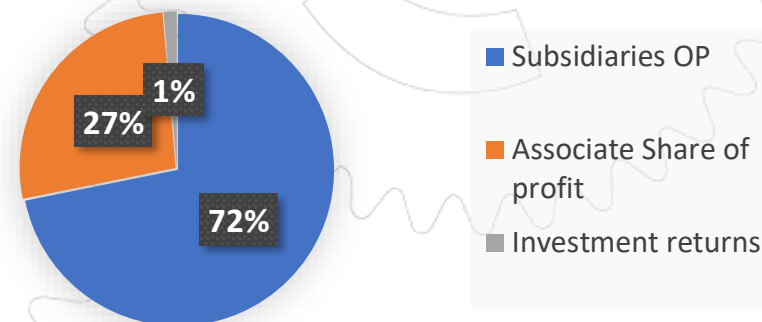
Actual Dec 2018



Actual Dec 2017



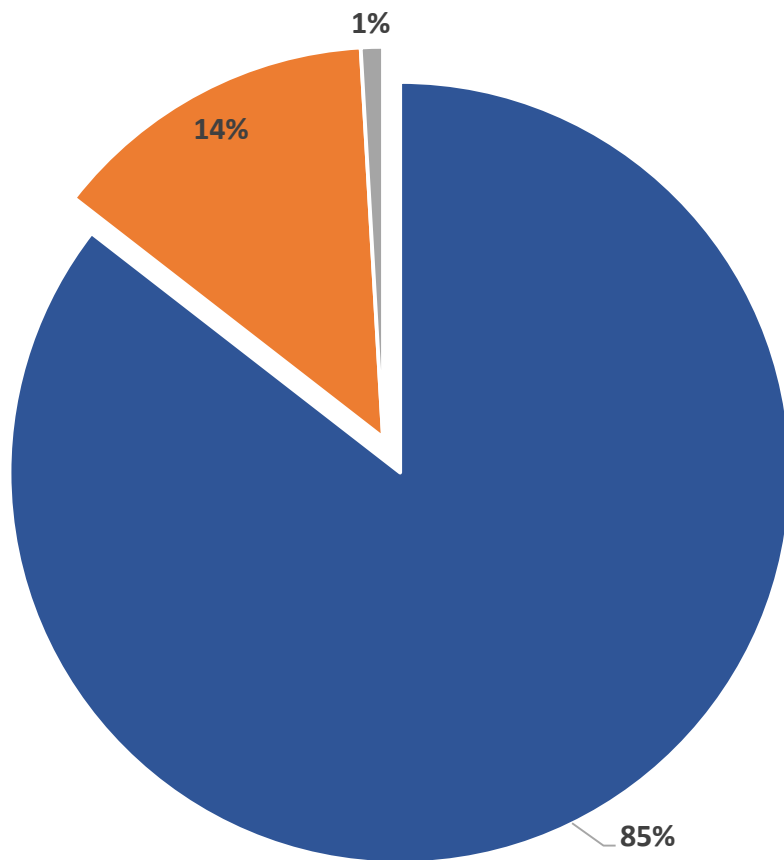
Actual Dec 2018 (excl LHL)





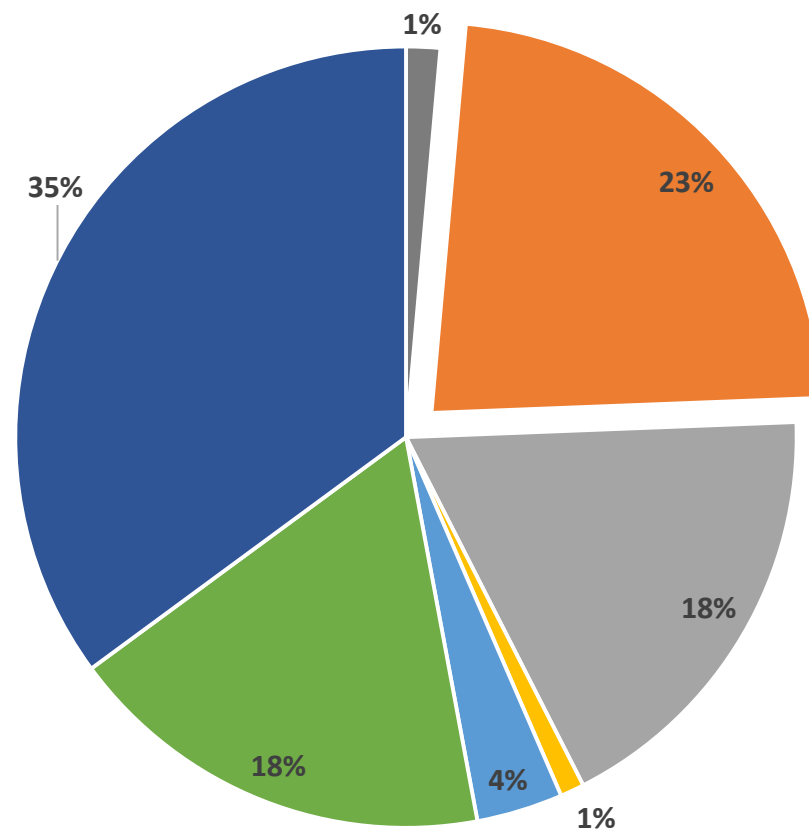
# Operating Profit

Subsidiaries OP BWP Million



■ BLIL ■ BIFM ■ LG

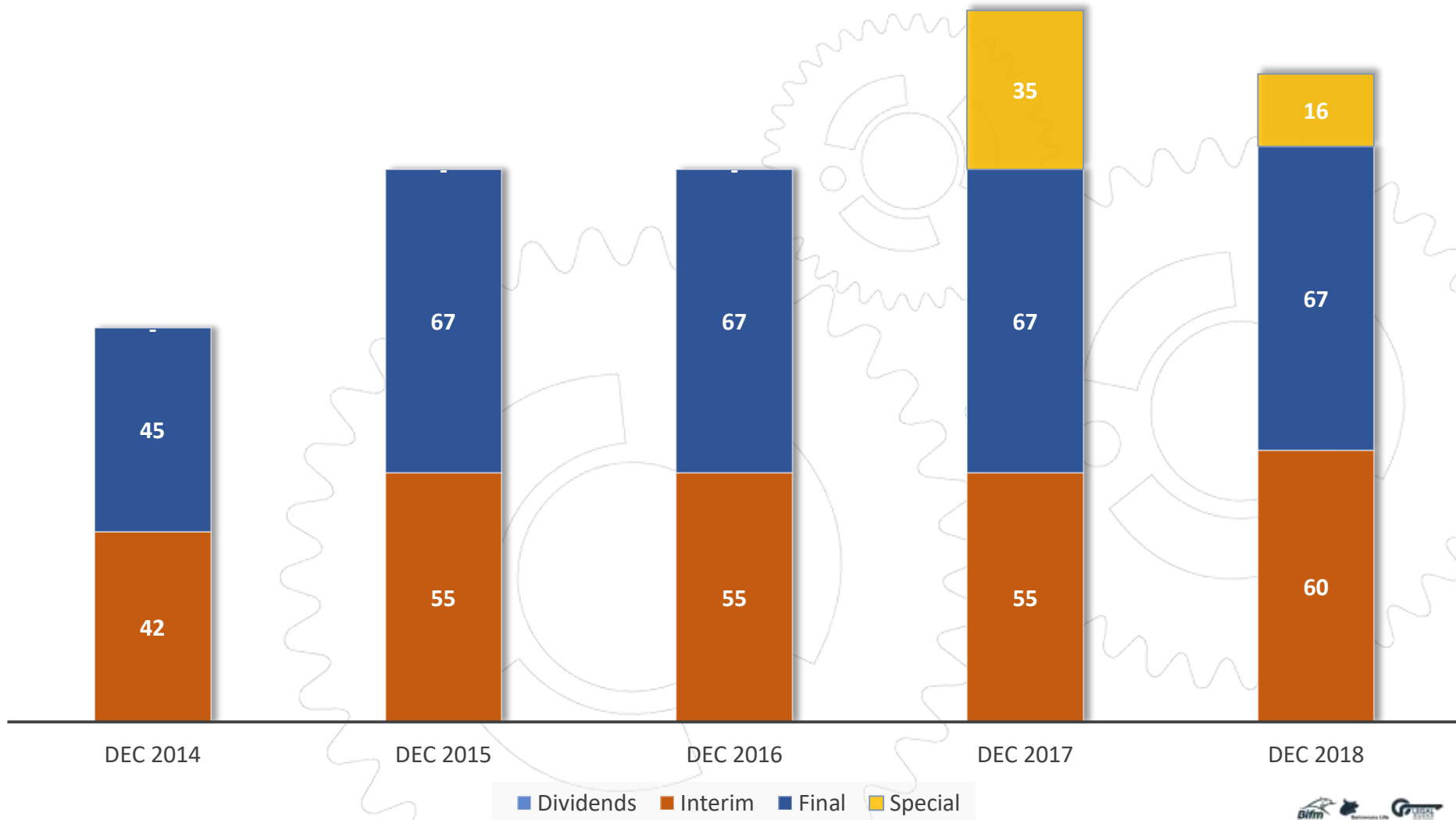
Associates contribution BWP Million



■ Letshego ■ FSG ■ BIFM Zambia  
■ BIFM Other ■ KYS ■ BIC  
■ NICO

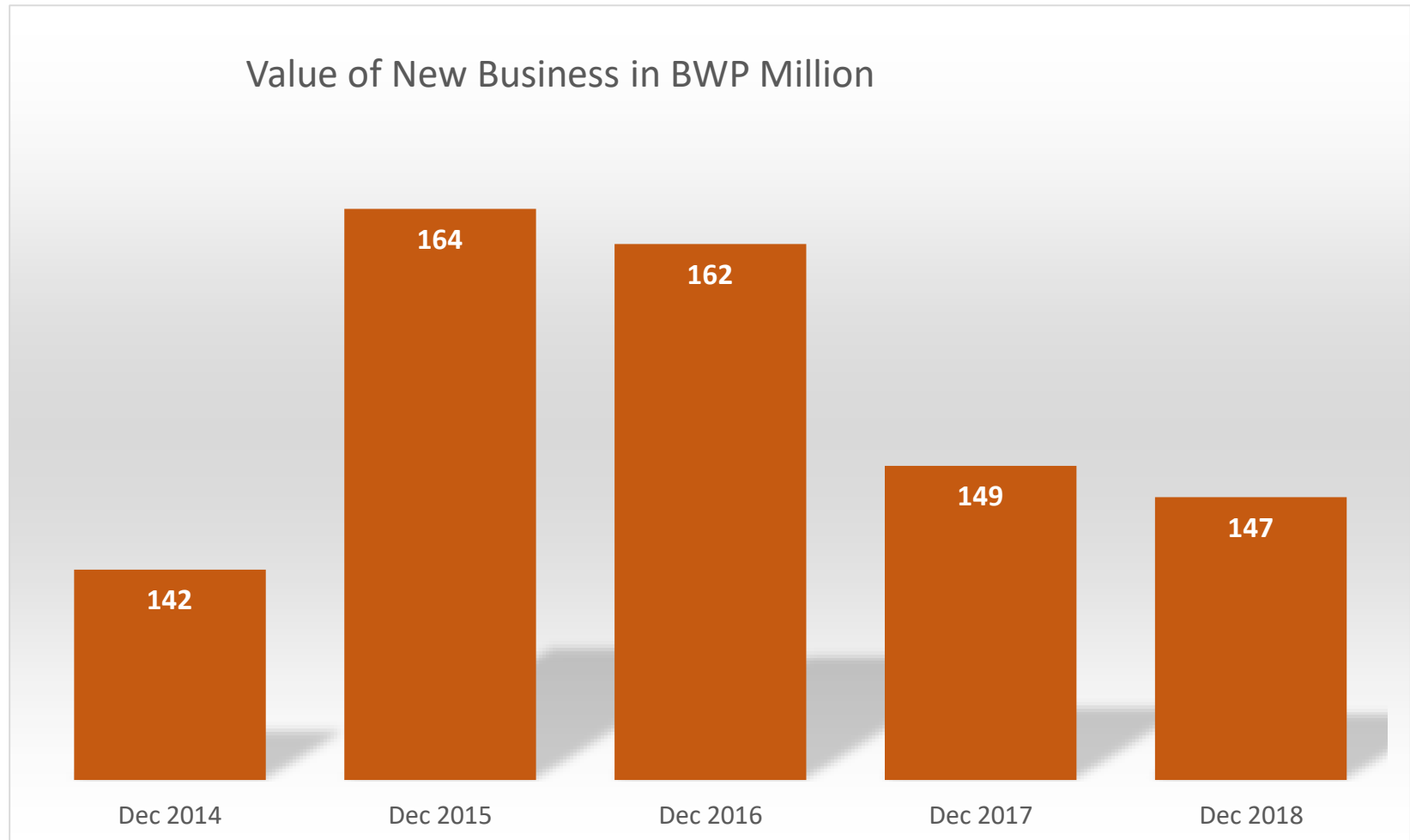
# Delivering on our Promises - Dividend

## Dividends (thebe per share)



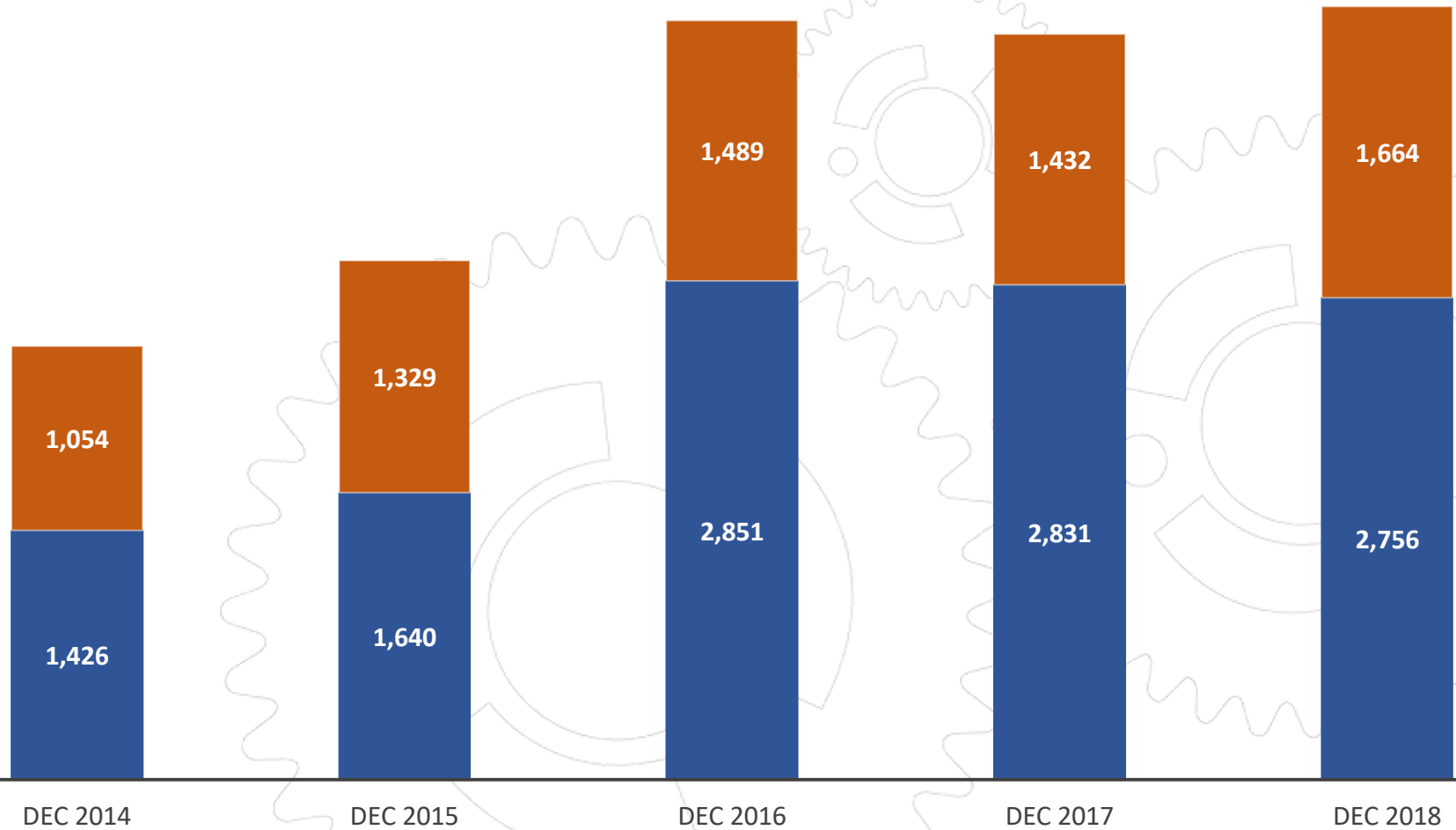
# Value of New Business

VNB decreased by 1% to P147m (P149m in 2017)



# Embedded Value Components

BWP Million

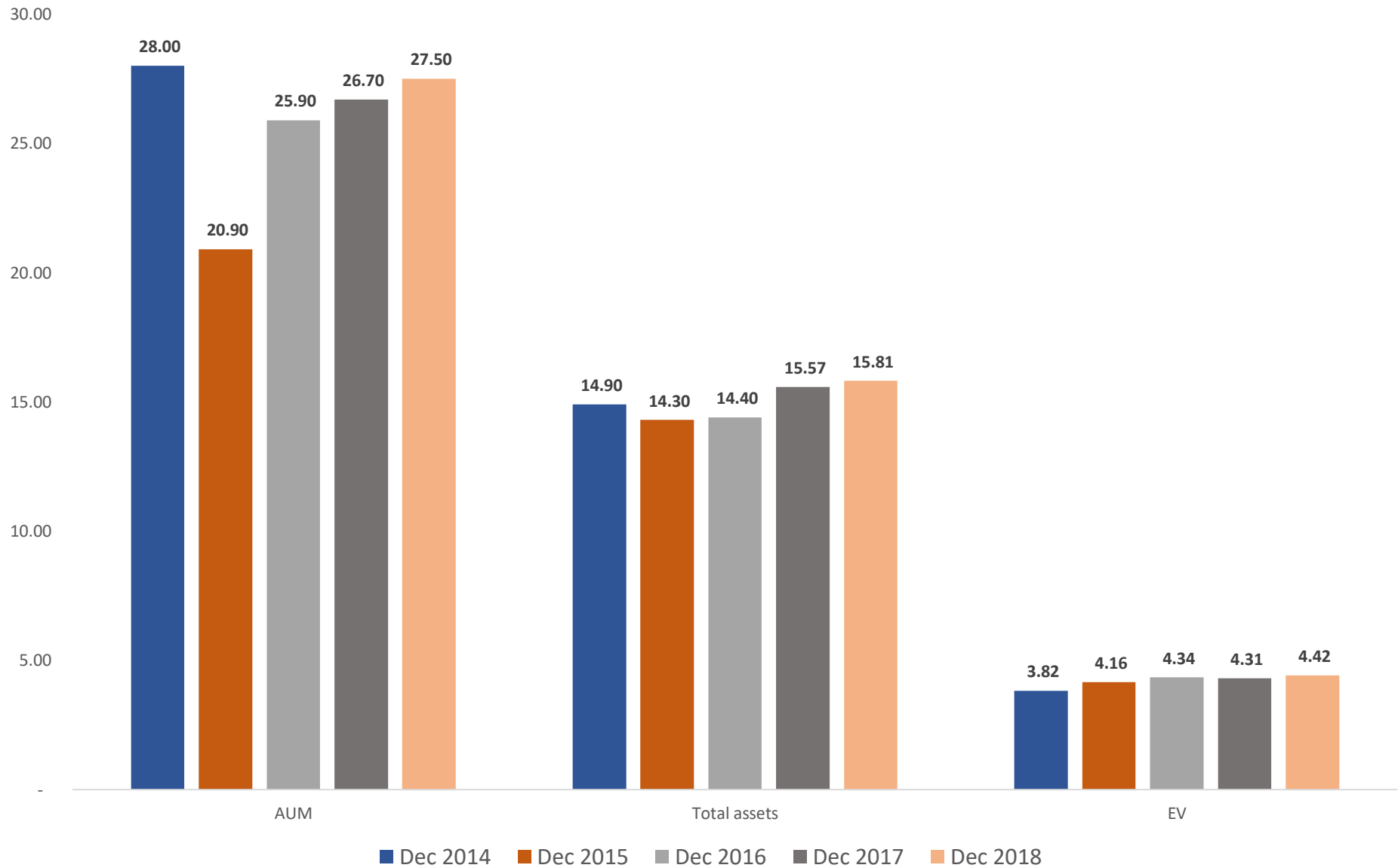


■ Value of Net assets ■ Value of inforce business



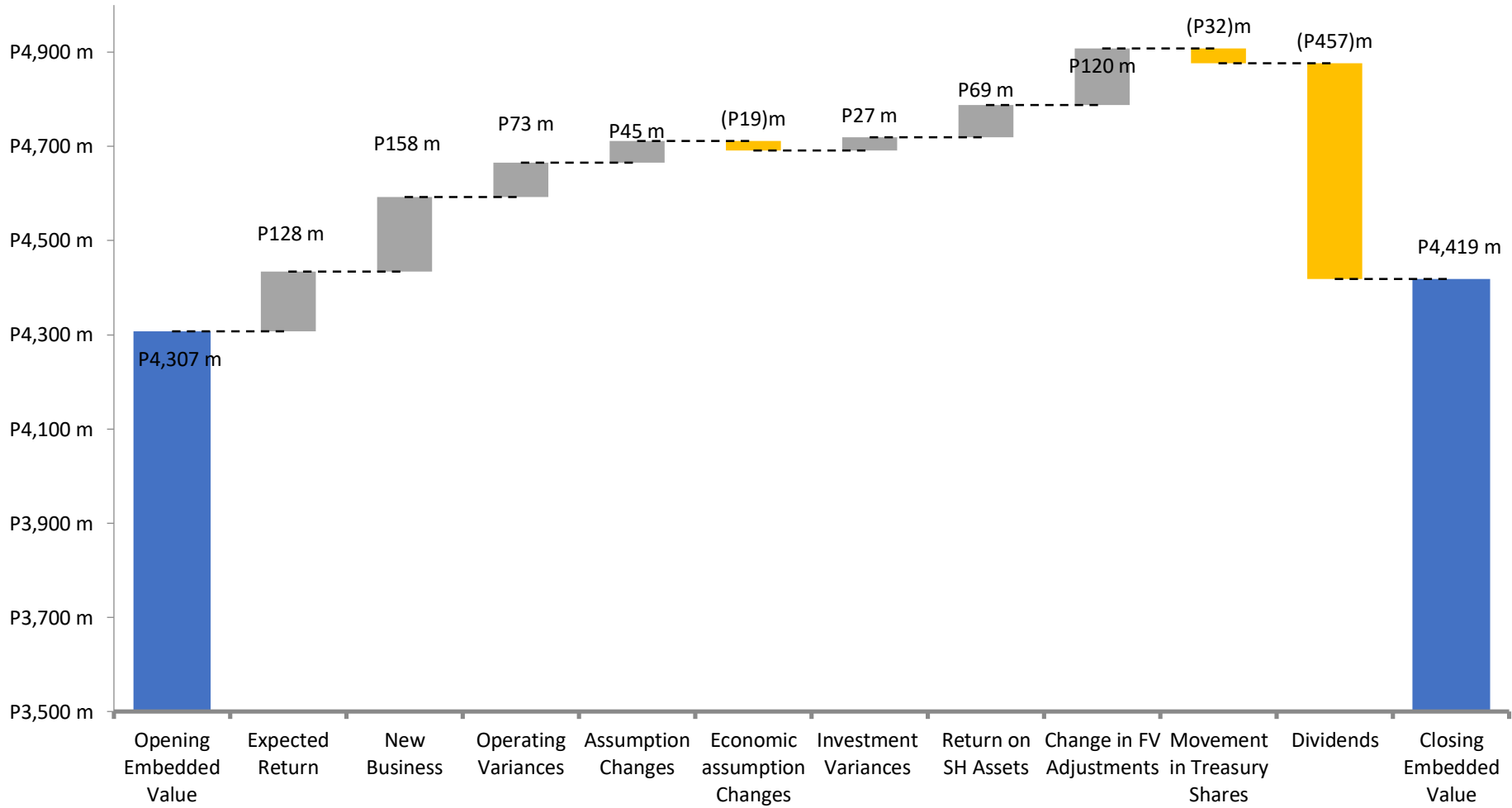
# Financial Position

BWP 'Billions



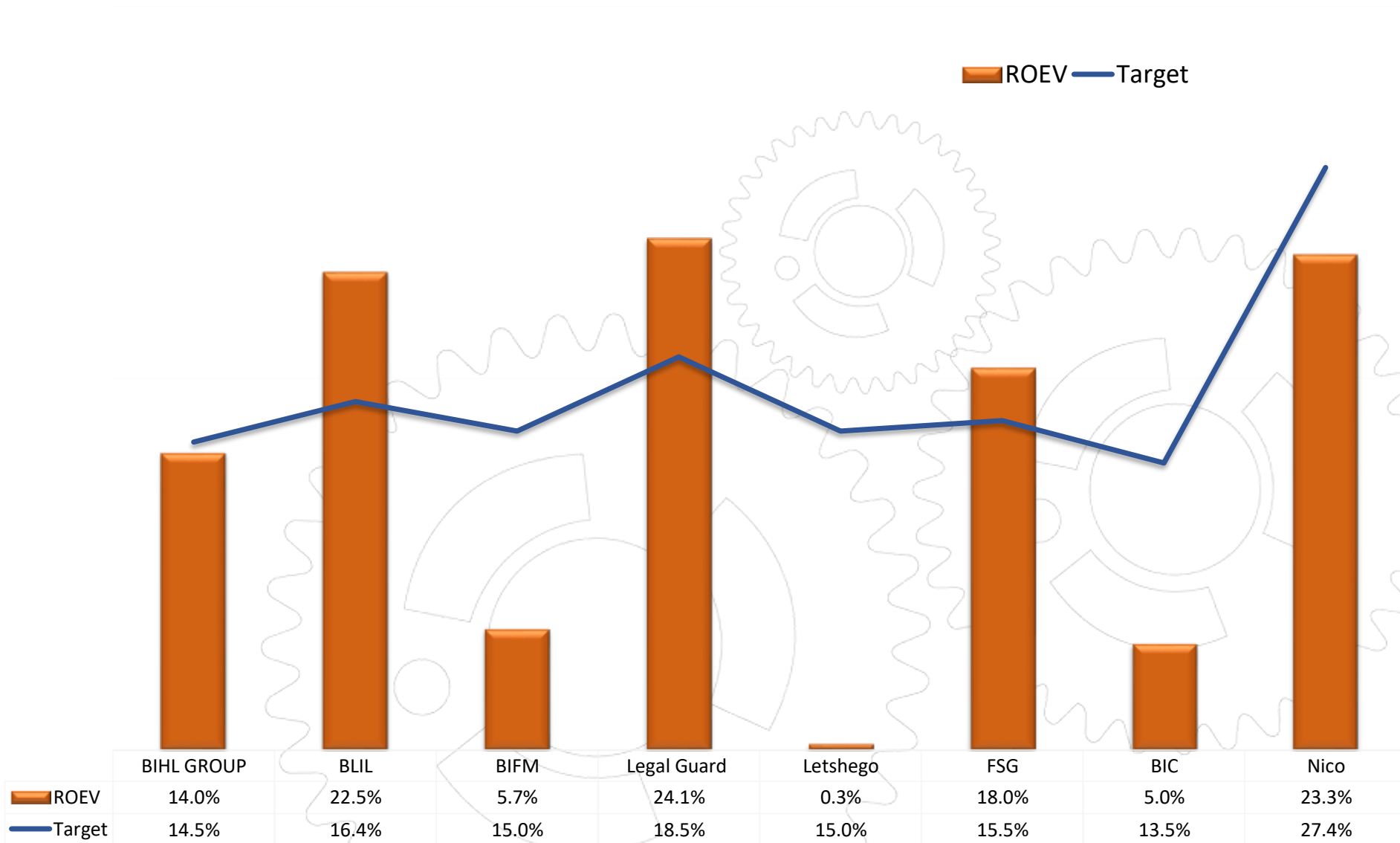
# Embedded Value Earnings

## GEV Movement



# Return on Embedded Value

ROEV





Thank You