

# Realizing *The 'X-Factor'* By Going Public

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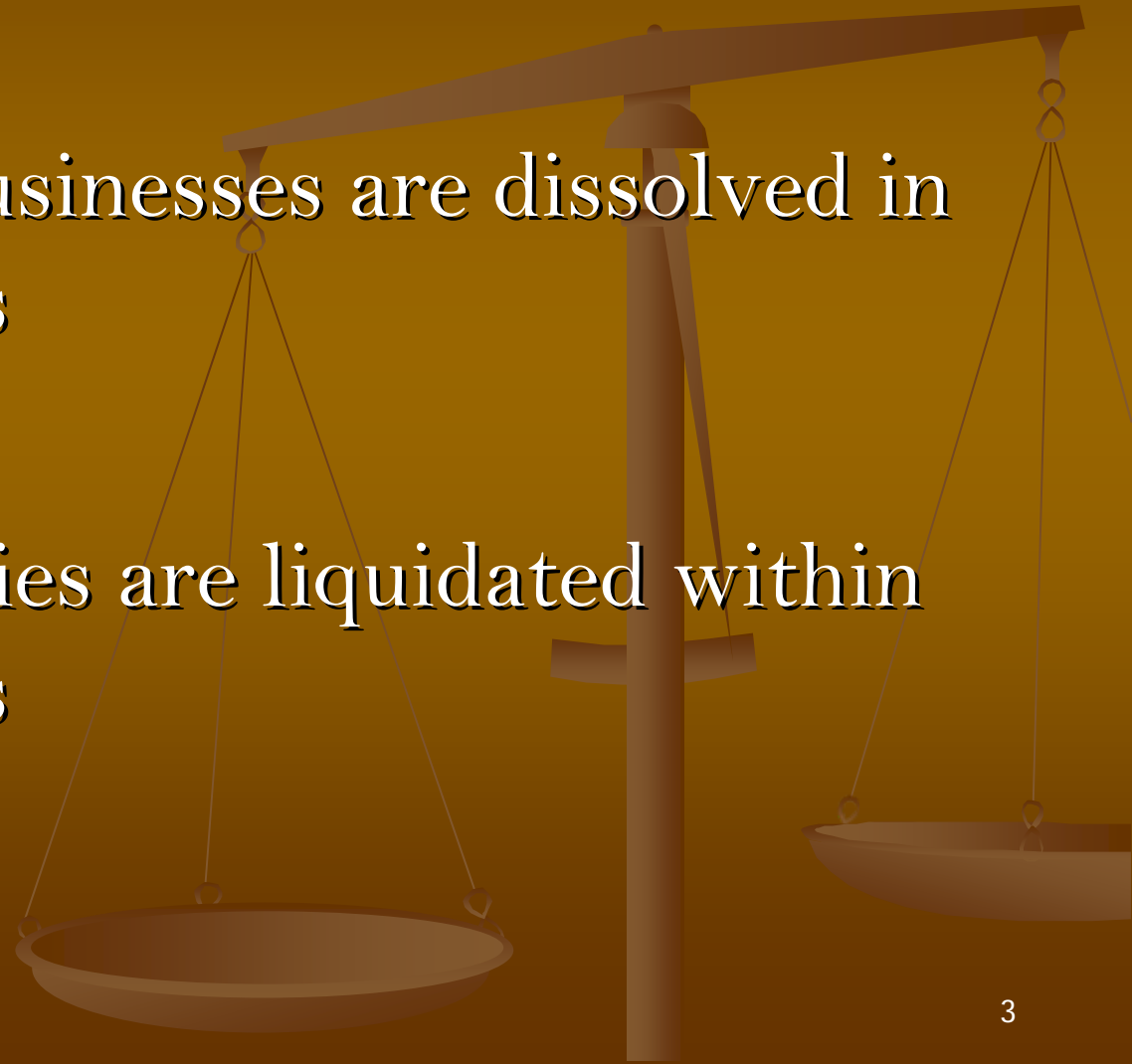
# What Makes A Successful Company?

- ❖ Conceptualizing a business
- ❖ Proper execution

The skills required for conceptualising a business are very different to those required for Institution Building

# Mortality Rate

- ❖ 34% of small businesses are dissolved in the first 2 years
- ❖ 60% of companies are liquidated within the first 6 years



# Listing Is About Realizing Synergy – The ‘X-Factor’

- ❖ Access to capital.
- ❖ Keeping the company on track with emphasis on better management and governance.
- ❖ Motivating change over the life cycle thus helping Institution Building.
- ❖ Listing is about valuation and managing financial risk.
- ❖ Increasing mobility of capital.

# Listing Is About Realizing Synergy – The 'X-Factor'

- ❖ Listing is about building partnerships, realising investments, enhancing growth and creating wealth.
- ❖ Listing is about sharing wealth and by doing so, making wealth grow.
- ❖ Above all, listing on the BSE is a means of being recognised as a local company

# BSE Listings Requirements

	Main Board	Venture Capital Board
<b>Subscribed capital</b>	P 1000 000	P 500 000
<b>Shares in issue</b>	1 000 000 shares	1 000 000 shares
<b>Profit History</b>	3 years profit history	Not required
<b>Free Float</b>	20%	5%
<b>Number of public shareholders</b>	300 –equity 25 –pref, shares	75 –equity shares 25- pref. shares
<b>Minimum Initial Issue Price</b>	100 thebe	50 thebe

# BSE Continuing Listings Requirements



## ❖ General Disclosure of information

- disclosure of any price sensitive information that might materially impact the market

## ❖ Periodic Disclosure

- Quarterly reviews of activities which would have an impact on the venture.
- Half yearly Financial Results.
- Annual financial Results.
- Additional Information to be included in the Annual Report.
  - Corporate Governance Practices
  - Shareholder spread
  - Special Resolutions passed in the previous year etc.

# CSDB Requirements



- ❖ Clearing and settlement of transaction will happen through the CSDB.
- ❖ CSDB is about dematerialisation of securities and is structured as a share registry
- ❖ The company will be required to abide by the CSDB rules

# What Deters Companies From Listing?

- ❖ Owners are averse to dilution of ownership
  - fear of loosing control
- ❖ Disclosure and Governance requirements deter companies from listing
  - transparency
- ❖ Cost of listing is perceived to be high
- ❖ Environment does not pose a challenge



# Why Botswana and the BSE?

## ❖ Political and Economic Stability

- Multi- party democracy
- High GDP growth which averaged 6.70% over the past 10 years
- Significant foreign currency reserves (28 months import cover)
- Low inflation rate (average 7.1% during 2007)

# Why Botswana and the BSE?

## ❖ Favourable Foreign Investment Climate

- No exchange Controls
- Low tax rate of 25% (15% for IFSC companies)
- High credit rating

## ❖ Low corruption index-Transparency International

# Why Botswana and the BSE?

- ❖ Large Pension Fund Assets – P34.3 billion (30% to be invested in Botswana)
  - Advantage of being classified as LAS Company
- ❖ Huge demand for local investment
  - PrimeTime IPO oversubscribed by 325% (December 2007)
  - Government Bonds oversubscribed by 500%(March 2008)
  - BVI Bond Oversubscribed by 110%

# Listing Process- *What you need to do*

- ❖ Decide on Capital Structure
- ❖ Value your share based on potential and expected returns
- ❖ Submit a listing through a member of the BSE.

*Speak to the BSE if you need more information or any clarification.*

*Appoint an Investment Banker, Sponsoring broker and legal consultant to assist you in the listing process.*

Thank You

