



INTERIM RESULTS PRESENTATION

For the period ended
31 August 2017



Strategic and operational review

❑ Operations

- ❑ Positive growth in local markets with additional direct flights into our hubs
- ❑ Increased passenger count at the new Victoria Falls Airport
- ❑ Construction of Mombo camp progressing well and on schedule
- ❑ Successful opening of Bisate Lodge in late June with occupancy rate reaching 90%
- ❑ Good recovery in the air business despite on-going challenges, particularly in Namibia
- ❑ Better than expected results in Kenya following the elections
- ❑ Strong local currencies continued headwind to performance
- ❑ Impact of the Mombo rebuild as the temporary camp is 30% smaller at nearly 40% discounted rates

❑ Funding and CAPEX

- ❑ Fully drawn-down on multi-currency facility
- ❑ Increase in internally generated cash with a strong balance sheet maintained
- ❑ Bisate Lodge completed with the Mombo Camp rebuild picking up pace

Strategic and operational review

❑ Marketing and sustainability

- ❑ Launched a new Brand Mantra “Purpose is the new Luxury”
- ❑ The new Mantra raised the focus on purpose, sustainability and the 4Cs
- ❑ Developed Group and regional sustainability plans
- ❑ Following the Brand Champions campaign, continued work on the Culture of Service
- ❑ Great media coverage around the Bisate Lodge opening (‘every guest is a philanthropist’)
- ❑ Improved monitoring of website enquiries and leads

❑ Sales

- ❑ Focused on streamlining systems and processes for better efficiency of the Group’s inventory
- ❑ Improved internal reporting to better measure quality and service
- ❑ Market is very good but competition is rampant
- ❑ First time participation at LE Miami’s high-end luxury trade show introducing our new Mantra bringing in new contacts and agents
- ❑ New opportunities continuously pursued in South American and Asian markets resulting in positive growth in those markets

Net acquisitions and developments

❑ Acquisitions/developments

- ❑ Bisate Lodge (Rwanda) opened in late June
- ❑ Mombo Camp (Botswana) rebuild in progress – use of temporary smaller camp at lower rates
- ❑ Governors' includes full six months of trading for the current period (comparative includes two months trading)

Income statement analysis

P '000	2017	2016	Change
Revenue	704 949	641 912	10%
Gross Profit %	70%	71%	↓
Operating expenses	309 161	277 278	11%
Segmental profit	185 962	180 228	3%
EBITDA	178 789	174 828	2%
Operating profit	133 285	135 574	-2%
Profit after tax	116 771	93 582	25%
Debt/equity ratio (net)	9%	-1%	N/A
EPS (thebe)	42.17	34.23	23%
HEPS (thebe)	43.38	34.53	26%
Interest cover	16	43	↓
Weighted no of shares (thousands)	237 017	231 882	2%

Income statement analysis

Revenue	==>	<ul style="list-style-type: none">• Increased 10% in line with growth in bednights sold (13%)• Excluding Governors', revenue and bednights increased by 6%• Material change in sales mix with Tour Series and Governors' categories now accounting for 35% of total bednights sold (2016: 25%)
Gross profit margin	==>	<ul style="list-style-type: none">• Declined as a result of Governors' business having lower margins: excluding Governors', GP margin is flat at 71%
Operating expenses	==>	<ul style="list-style-type: none">• Well contained at 5% excluding Governors' businesses
Segmental profit	==>	<ul style="list-style-type: none">• Strong growth in Namibia, Rwanda and Zambezi regions, contributing 30% (2016: 15%) of segmental profit with combined growth of 104% from P27m to P55m• South Africa down 23% as a direct result of the strength of the Rand• Kenya declined by 62% following the inclusion of low season for the period, combined with the impact of the elections and the political uncertainty
Net capital items	==>	<ul style="list-style-type: none">• Comprises other gains and impairment losses• Insurance claims of P1.1m offset by losses on disposal of assets of P0.6m• Impairment losses amounted to P4.2m relating to the decommissioning of old camp assets

Income statement analysis

EBITDA

==>

- Increased by 2%
- Impact of exchange rate on bottom line was significant, pushing real selling prices down and impacting performance negatively
- Excluding foreign exchange losses and contribution from Governors', EBITDA would have been up 7%

Net finance charges

==>

- Increased by 187%
- Increased debt to finance capital investment and acquisitions
- Governors' accounts for P1.4m (12%) of the increase

Unrealised foreign exchange gains on loans

==>

- Results from the translation of the USD denominated loan

Associate's income

==>

- 20% investment in Ngamiland Adventure Safaris (Pty) Ltd

Taxation

==>

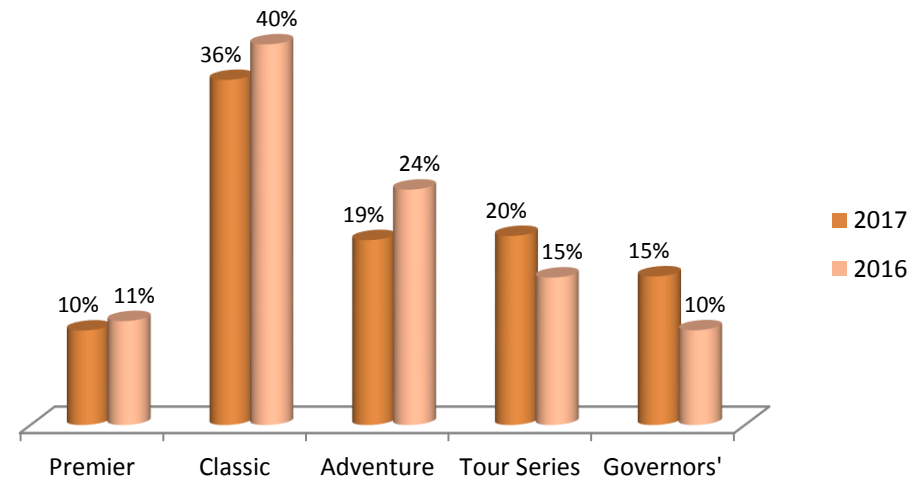
- Effective tax rate reduced from 27% to 14% due to the recognition of a P10m deferred tax asset in the Governors' group following its strong turnaround in performance

Income statement analysis

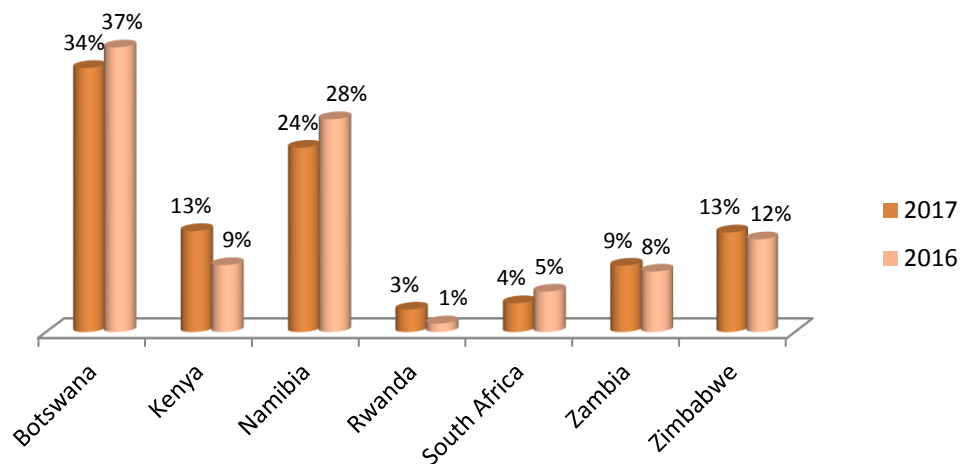
Occupancy

- 13% increase in bednights sold from 89 297 to 101 166
- Significant change in sales mix with Tour Series and Governors' categories accounting for 35% of total bednights sold (2016: 25%)
- Bisate Lodge in Rwanda opened at the end of June with occupancy in high season reaching 90%
- 14% increase in available bednights from 136 038 to 155 226
- Governors' contributed 15 628 bednights sold (2016: 8 792) or 15% (2016: 10%)
- Overall Group occupancy rate of 65% (2016: 66%)

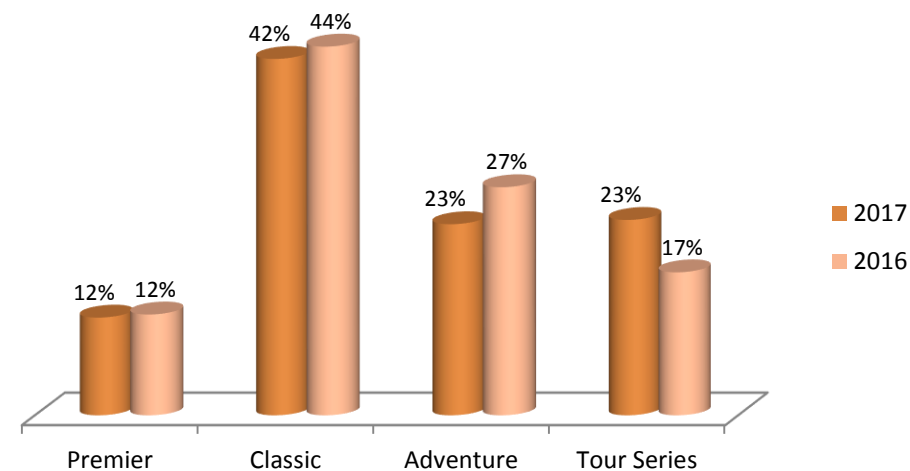
Share of bednight sales including Governors' - Brand



Share of bednight sales including Governors' - Country



Share of bednight sales excluding Governors' - Brand



Capex and capital structure

Capex
P121m

==>

- Continued philosophy to maintain properties and assets in pristine condition
- Approx P23m spent on new camps and P71m on rebuilding existing camps
- Capex expected to taper off at the end of the financial period with the completion of Bisate Lodge and Mombo Camp

Cash reserves
P437m

==>

- Cash balances, less overdraft, have increased by 135% to P437m
- Strong cash generated from operations of P218m and net increase in borrowings of P224m

Debt
P386m

==>

- Total facility of \$39m fully utilised
- Drawn down to finance capital expenditure previously funded out of own cash resources

Shares in issue
237 362 408

==>

- Issue of 503 555 ordinary shares to settle the share scheme obligations

Statement of Comprehensive Income

P '000	2017	2016	YOY
Revenue	704 949	641 912	10%
EBITDA (profit)	178 789	174 828	2%
Impairment loss	(4 231)	(3 133)	35%
Depreciation and amortisation	(41 273)	(36 121)	14%
Operating profit	133 285	135 574	-2%
Net finance costs	(9 473)	(3 297)	187%
Unrealised foreign exchange gains/(losses) on loans	9 319	(5 416)	-272%
Share of associate company profit	2 035	1 926	6%
Profit before taxation	135 166	128 787	5%
Taxation	(18 395)	(35 205)	-48%
Profit for the period	116 771	93 582	25%
Earnings per share (thebe)			
Basic	42.17	34.23	23%
Diluted	41.92	32.71	28%
Basic headline	43.38	34.53	26%
Diluted headline	43.13	33.00	31%

Statement of Financial Position

P '000	2017	2016
ASSETS		
Non-current assets	887 950	714 620
Current assets	732 720	454 500
Total assets	1 620 670	1 169 120
EQUITY AND LIABILITIES		
Equity attributable to the owners of the company	566 763	532 329
Non-current liabilities	444 548	100 461
Current liabilities	564 823	549 732
Total equity and liabilities	1 620 670	1 169 120

Statement of cash flows

P '000	2017	2016
Cash flow from operating activities		
Cash generated from operations	253 776	218 541
Net finance costs	(9 473)	(3 297)
Taxation paid	(26 532)	(23 280)
Net cash inflow from operating activities	217 771	191 963
Cash flow from investing activities		
Acquisition of subsidiary companies	-	(71 705)
Additions to property, plant and equipment and intangibles	(120 794)	(71 308)
Proceeds on disposal of property, plant and equipment	3 318	1 469
Increases in long-term loans receivable	(13 622)	-
Net cash outflow from investing activities	(131 098)	(141 544)
Cash flow from financing activities		
Non-controlling interests' share of dividends	(1 299)	(3 269)
Dividends paid	(39 082)	(34 782)
Repayment of long-term liabilities	(2 709)	(28 447)
Increases in long-term liabilities	227 134	2 592
Net cash inflow/(outflow) from financing activities	184 044	(63 906)
Net increase/(decrease) in cash and cash equivalents	270 717	(13 487)
Unrealised exchange (losses) on foreign cash balances	(3 832)	(2 393)
Cash and cash equivalents at the beginning of year	170 479	201 965
Cash and cash equivalents at end of year	437 364	186 085

Outlook

- ❑ Focus on improving margins and consolidation of our acquisitions and new developments
- ❑ Building on the new Mantra “Purpose is the New Luxury” giving purpose to everything we do
- ❑ Further expansion in the east African region
- ❑ Opening of the new Mombo Camp
- ❑ Rebuilding of Serra Cafema Camp to commence towards the end of the calendar year
- ❑ Planning for the rebuild of Kings Pool Camp
- ❑ Encouraging forward occupancy for the second half of the year
- ❑ Any further appreciation of the home currencies could impact negatively on results