

WILDERNESS HOLDINGS

Unaudited condensed consolidated interim financial results

For the six months ended 31 August 2018

Founded in Botswana in 1983, Wilderness Holdings is an award-winning and globally respected ecotourism company present in the prime wilderness and wildlife areas of southern and east Africa. Pivoted off the continent's most diverse portfolio of luxury safari camps, the Group operates a vertically integrated business model that combines the ownership of product (safari camps), support services (bush airline, and touring and transfer services), and marketing, sales and reservations businesses. Collectively, these are termed "the travel experience" and serve to ensure certainty of supply, ownership of the supply chain and a seamless service to both the client (the travel trade) and the consumer (our guest).

OF LIFE-CHANGING JOURNEYS
35 years
1983 - 2018

Condensed consolidated statement of comprehensive income

P'000	Unaudited six months ended 31 Aug 2018	Change	Unaudited six months ended 31 Aug 2017	Audited year ended 28 Feb 2018
Revenue	779 954	11%	704 949	1 208 912
Cost of sales	(214 290)		(209 826)	(372 839)
Gross profit	565 664		495 123	836 073
Other gains	4 455		581	970
Operating expenses	(330 449)	7%	(309 161)	(599 871)
Foreign exchange gains/(losses)	44 993		(7 754)	(30 777)
Operating profit for year before items listed below (EBITDA)	284 663	59%	178 789	206 395
Impairment loss	(5 192)		(4 231)	(9 566)
Depreciation and amortisation	(52 629)		(41 273)	(86 224)
Operating profit	226 842	70%	133 285	110 605
Net finance costs	(11 707)		(9 473)	(19 169)
Unrealised foreign exchange (losses)/gains on loans	(6 137)		9 319	17 381
Share of associate company profit	2 882		2 035	6 067
Profit before taxation	211 880	57%	135 166	114 884
Taxation	(52 721)		(18 395)	(27 580)
Profit for the period	159 159	36%	116 771	87 304
Other comprehensive (loss)/income				
Items that may be subsequently reclassified to profit or loss				
Exchange differences on translating foreign operations	(23 247)		(2 211)	7 723
Equity holders of the Company	(23 286)		(3 626)	9 807
Non-controlling interest	(826)		423	335
Net investment in foreign operations	865		992	(2 419)
Total comprehensive income for the period	135 912		114 560	95 027
Profit attributable to:				
Owners of the Company	140 320		99 945	76 658
Non-controlling interest	18 839		16 826	10 646
	159 159		116 771	87 304
Total comprehensive income attributable to:				
Owners of the Company	117 899		97 311	84 046
Non-controlling interest	18 013		17 249	10 981
	135 912		114 560	95 027
Earnings per share (thebe)				
Basic	59.09	40%	42.17	32.32
Diluted	58.64	40%	41.92	32.03

Additional disclosure

P'000	Unaudited six months ended 31 Aug 2018	Unaudited six months ended 31 Aug 2017	Audited year ended 28 Feb 2018
Reconciliation between profit attributable to owners of the Company and headline earnings			
Profit attributable to owners of the Company	140 320	99 945	76 658
Adjustments			
IAS 16 – Gains on disposal and impairment of property, plant and equipment	(2 078)	(543)	(873)
IAS 36 – Impairment of assets	5 192	4 209	9 549
IFRS 10 – Gain on loss of control of subsidiary	(2 377)	–	–
Tax effects of adjustments	(456)	(745)	(2 231)
Minority interest	(379)	(37)	(93)
Headline earnings	140 222	102 829	83 010
Number of shares issued (thousands)			
Issued	237 562	237 362	237 437
Weighted average	237 462	237 017	237 203
Diluted weighted average	239 300	238 444	239 356
Headline earnings per share (thebe)			
Basic headline	59.05	43.38	35.00
Diluted headline	58.60	43.13	34.68
Commitments			
Capital			
Authorised by directors and contracted for	13 974	63 478	39 442
Not yet contracted for but authorised by directors	43 137	56 832	81 915
	57 111	120 310	121 357
It is intended to finance capital expenditure from working capital generated and existing borrowing facilities.			
Operating leases			
Minimum lease payments due			
– within one year	18 898	16 122	23 914
– in second to fifth year inclusive	60 015	51 515	70 592
– after fifth year	92 784	49 526	128 877
	171 697	117 163	223 383
Borrowings			
Non-current			
Interest bearing	381 181	371 274	354 413
Non-interest bearing	15 067	15 206	10 969
Less: Current portion of long-term liabilities	(46 352)	(7 078)	(39 743)
	349 896	379 402	325 639

Condensed consolidated statement of financial position

P'000	Unaudited as at 31 Aug 2018	Unaudited as at 31 Aug 2017	Audited as at 28 Feb 2018
ASSETS			
Non-current assets	1 018 810	887 950	986 295
Property, plant and equipment	775 750	643 635	734 927
Goodwill	58 109	69 085	68 976
Intangible assets	111 839	116 107	114 205
Investments and loans in associates	26 639	14 735	23 757
Loans receivable	19 331	13 622	18 710
Deferred tax assets	27 142	30 766	25 720
Current assets	845 611	732 720	538 077
Inventories	36 840	35 341	32 089
Receivables and prepayments	219 828	181 975	150 425
Current tax receivable	21 522	25 885	34 918
Bank balances and cash	567 421	489 519	320 645
Total assets	1 864 421	1 620 670	1 524 372
EQUITY AND LIABILITIES			
Equity attributable to the owners of the Company	633 111	566 763	553 665
Stated capital	168 771	167 291	168 634
Foreign currency translation reserve	9 047	21 443	31 468
Common control reserve	(73 324)	(73 324)	(73 324)
Other non-distributable reserves	19 318	19 318	19 318
Share-based payment reserve	(558)	34	(1 145)
Retained income	509 857	432 001	408 714
Non-controlling interest	56 043	44 536	38 268
Total equity	689 154	611 299	591 933
Non-current liabilities	423 132	444 548	394 138
Borrowings	349 896	379 402	325 639
Deferred tax liabilities	73 236	65 146	68 499
Current liabilities	752 135	564 823	538 301
Trade and other payables	621 705	497 119	454 653
Borrowings – current portion	46 352	7 078	39 743
Current tax liabilities	25 052	8 471	1 830
Bank overdrafts	59 026	52 155	42 075
Total liabilities	1 175 267	1 009 371	932 439
Total equity and liabilities	1 864 421	1 620 670	1 524 372

Condensed consolidated statement of cash flows

P'000	Unaudited six months ended 31 Aug 2018	Unaudited six months ended 31 Aug 2017	Audited year ended 28 Feb 2018
Cash flow from operating activities			
Cash generated from operations	347 515	253 776	280 725
Net finance costs	(11 707)	(9 473)	(19 169)
Taxation paid	(12 560)	(26 532)	(42 633)
Net cash inflow from operating activities	323 248	217 771	218 923
Cash flow from investing activities			
Disposal of subsidiary company	15 856	–	–
Additions to property, plant and equipment and intangibles	(97 608)	(120 794)	(266 049)
Proceeds on disposal of property, plant and equipment and intangibles	3 594	3 318	4 189
Acquisition of associate company	–	–	(4 990)
Long-term loan receivable advanced	(622)	(13 622)	(18 710)
Net cash outflow from investing activities	(78 780)	(131 098)	(285 560)
Cash flow from financing activities			
Non-controlling interests' share of dividends	(238)	(1 299)	(1 299)
Dividends paid	(39 177)	(39 082)	(39 082)
Repayment of long-term liabilities	(21 833)	(2 709)	(7 260)
Long-term liabilities advanced	9 244	227 134	233 828
Net cash (outflow)/inflow from financing activities	(52 004)	184 044	186 187
Net increase in cash and cash equivalents	192 464	270 717	119 550
Unrealised exchange gain/(loss) on foreign cash balances	37 361	(3 832)	(11 459)
Cash and cash equivalents at beginning of year	278 570	170 479	170 479
Cash and cash equivalents at end of year	508 395	437 364	278 570

Condensed consolidated statement of changes in equity

P'000	Unaudited six months ended 31 Aug 2018	Unaudited six months ended 31 Aug 2017	Audited year ended 28 Feb 2018
Opening balance	591 933	536 571	536 571
Share issue on settlement of share scheme	137	–	1 343
Non-controlling portion of dividend paid	(238)	(1 299)	(1 299)
Dividends paid	(39 177)	(39 082)	(39 082)
Total comprehensive income for the period	135 912	114 560	95 027
Share-based payment reserve	587	552	(627)
Other	–	(3)	–
Closing balance	689 154	611 299	591 933

Wilderness Holdings Limited: Wilderness or the Company or the Group Share code: WIL ISIN: BW0000000868 Registration number: 2004/2986 Tax reference number: C075372-01-01-7

Registered office (Botswana): Deloitte House, Plot 64518, Fairgrounds, Gaborone, Botswana External company registration number: 2009/022894/10

Registered office (South Africa): 373 Rivonia Boulevard, Rivonia, South Africa. PO Box 5219, Rivonia 2128, South Africa

BSE: Primary listing JSE: Secondary listing BSE Sponsor: Motswedi Securities (Proprietary) Limited JSE Sponsor: Arbor Capital Sponsors Proprietary Limited Transfer secretaries: Corpserve Botswana – Computershare

Directors: JM Hunt*, MW McCulloch*, MPK ter Haar*, A Lalude*, B Olanrewaju*, M Stone*, N Stone*, KNW Vincent (CEO), A Azoulay (CFO), DA de la Harpe *non-executive director *independent non-executive director

Group Company Secretary: L Alexander

Highlights

- ▲ Revenue up 11% to P780 million
- ▲ EBITDA up 59% to P285 million
- ▲ Trading profit* up 26% to P235 million
- ▲ Total revenue per available room** up 12%
- ▲ Profit after tax up 36% to P159 million
- ▲ Cash generated by operating activities up 48% to P323 million
- ▲ HEPS up 36% to 59 thebe per share
- ▲ Occupancy rate up to 67% from 65%

* EBITDA before the effects of other gains and foreign exchange (losses)/gains.

** Total revenue per available room (TRRevPar) is calculated as total revenue from Travel Experience divided by total available rooms.

Our Blueprint – The 4Cs

The Wilderness Group is committed to ensuring the sustainability of our operations. This commitment is part of our DNA, with our Vision and Values based on our 4Cs sustainability ethos of:



Commerce



Community



Culture



Conservation

Segmental information

P'ooo	Unaudited six months ended 31 Aug 2018	Unaudited six months ended 31 Aug 2017	Audited year ended 28 Feb 2018
Segment profit			
Botswana	117 055	91 608	118 760
Kenya	11 711	5 083	5 056
Namibia	24 213	22 909	33 024
Rwanda	12 131	7 669	15 263
South Africa	33 339	35 399	34 129
Zambezi	38 364	24 546	30 422
Intergroup	(1 598)	(1 252)	(452)
Group	235 215	185 962	236 202
Depreciation and amortisation			
Botswana	(25 600)	(18 543)	(39 722)
Kenya	(2 869)	(1 792)	(4 018)
Namibia	(6 666)	(6 981)	(12 213)
Rwanda	(3 113)	(141)	(4 211)
South Africa	(3 438)	(4 360)	(7 896)
Zambezi	(10 943)	(9 456)	(18 164)
Group	(52 629)	(41 273)	(86 224)
Transactions unallocated to a segment			
Other gains	4 455	581	970
Foreign exchange (losses)/gains	44 993	(7 754)	(30 777)
Impairment losses	(5 192)	(4 231)	(9 566)
Interest paid	(14 400)	(11 052)	(23 202)
Interest received	2 693	1 579	4 033
Unrealised foreign exchange (losses)/gains on loans	(6 137)	9 319	17 381
Associate earnings	2 882	2 035	6 067
Profit before taxation	211 880	135 166	114 884
Taxation	(52 721)	(18 395)	(27 580)
Profit after tax	159 159	116 771	87 304
Segment assets			
Botswana	918 595	850 492	871 711
Kenya	93 207	59 537	59 429
Namibia	180 995	173 726	164 249
Rwanda	99 023	76 262	72 748
South Africa	485 134	415 478	249 911
Zambezi	188 304	150 307	115 856
Central financing activities and eliminations	(100 837)	(105 132)	(9 532)
Group	1 864 421	1 620 670	1 524 372
Segment liabilities			
Botswana	583 782	555 368	528 799
Kenya	83 834	50 204	54 656
Namibia	53 022	50 657	38 942
Rwanda	23 132	4 295	14 301
South Africa	526 182	442 905	327 571
Zambezi	64 835	52 633	35 350
Central financing activities and eliminations	(159 520)	(146 691)	(67 180)
Group	1 175 267	1 009 371	932 439

P'ooo	Unaudited six months ended 31 Aug 2018	Unaudited six months ended 31 Aug 2017	Audited year ended 28 Feb 2018
Revenue			
Revenues by type of service			
Travel experience	705 279	621 484	1 071 835
Service fees	68 353	67 192	109 366
Other revenue	6 322	16 273	27 711
	779 954	704 949	1 208 912
Revenues by geographical regions			
Botswana	335 935	293 969	481 249
Kenya	62 536	49 355	92 394
Namibia	106 529	107 477	196 877
Rwanda	25 897	20 733	44 221
South Africa	505 217	459 286	758 086
Zambezi	131 576	114 177	193 111
Intergroup	(387 736)	(340 048)	(557 026)
	779 954	704 949	1 208 912
	%	%	%
Revenues by source market			
Africa and Middle East	32	32	35
Americas	46	43	40
Australasia	2	2	2
Europe and Asia	20	23	23
	100	100	100

Commentary

The Group produced an excellent half year performance, matching its best ever occupancy rate of 71%, normalised for Governors', or 67% overall, which is the highest recorded since the acquisition of Governors'. The successful launch of the newly built Mombo, political stability in Kenya, appreciation of the US Dollar since the beginning of the financial year and a strong US market provided tailwinds to significant growth.

This saw trading profit jump by 26% to P235 million in spite of just one percentage point increase in total available bednights (capacity) to 156 788.

The Group posted 36% increase in headline earnings per share (HEPS).

Financial review

Revenue increased by 11% to P780 million, following significant improvement in yields and the 3% rise in bednights sold to 104 855 (2017: 101 404).

Trading profit margin increased from 26% to 30%. This reflects the impact on the bottom line of the strong demand for bednights and the improved utilisation of the Group's assets. The impact on revenue of the depreciation of the local currencies was negligible, largely because of the adoption of IFRIC 22 which requires that foreign currencies be converted at the earlier of receipt or service. As the Group's collection period is primarily from February to July, a substantial portion of revenue was recorded at exchange rates lower than those prevailing last year, as the Pula exchange rate to the US Dollar lagged behind until June 2018. Costs have remained well contained at 7% higher than prior year. Some level of upward pressure is evident in transport costs due to higher fuel prices and greater activity, as well as lease costs (impact of new leases and their accounting smoothing). Staff costs increased marginally higher than inflation, largely because of a slight increase in headcount and higher share-based payments charges, increasing by 34% to P3.3 million from P2.4 million.

Other gains of P4.5 million include proceeds from insurance claims amounting to P2.1 million and profit on sale of a subsidiary of P2.4 million. Impairment losses amounted to P5.2 million and relate to the impairment of Mombo Trails Camp (P3.5 million) and a damaged aircraft (P1.5 million).

In line with the Group's hedging strategy, forward cover remains at zero percent of calculated forward exposure until, in the opinion of the Board, the Rand fundamentals make cover necessary.

Net finance costs were 24% higher at P11.7 million (2017: P9.5 million), being a consequence of the increased debt to finance capital investment and acquisitions.

The Group's effective tax rate increased to 25% from 14% in the prior year, largely due to the recognition in the prior year of a P10 million deferred tax asset in the Governors' Group.

Capital expenditure amounted to P100 million for the period, continuing with the philosophy to ensure the Group's properties and assets remain in pristine condition. Approximately P9 million was spent on a temporary camp and one new camp, and P45 million on rebuilding existing camps and one additional aircraft. The balance is defensive in nature.

Cash balances, less overdrafts, have increased by 83% to P508 million as a result of strong cash generated from operations amounting to P323 million, offset by an outflow in investing activities of P79 million and loan repayments and a dividend payment of P52 million. The carrying values of the financial assets and financial liabilities approximate their fair value.

Geographical operations (segmental performance)

All geographical segments, other than South Africa, reported increases in segment profit. The two main drags on South Africa were additional corporate recoveries as well as a slow-down in the road transfer business due to the impact on tourism following the water crisis in Cape Town.

Dividend

In line with the Group's stated policy to only consider paying dividends based on full year results, no interim dividend is proposed.

Subsequent events

No material events have occurred between the reporting date and the date of this report.

Seasonality

The Group's peak demand occurs in the first half of the year. This is largely due to the floods in the Okavango Delta and corresponds with the holiday season in our sales markets. The revenue for the six months ended 31 August 2018 represented 65% (2017: 64%) of the total sales for the year ended 28 February 2018.

Leases

The concession upon which Vumbura Plains and Little Vumbura are situated has been awarded. The lease agreement is in the process of finalisation.

Shares in issue

During the period the Company issued 124 663 ordinary shares at no par value (representing approximately 0.05% of the enlarged number of shares in issue) for no consideration to settle the share scheme obligations. At 31 August 2018 the number of ordinary shares in issue was 237 562 016 (2017: 237 362 408) and the weighted average number of shares was 237 461 903 (2017: 237 016 867).

Related party information

There have been no related party matters that require disclosure, which would have a material impact on the interpretation of the above results, other than those already notified to shareholders on 31 July 2018.

Directorate

The following changes to directorate occurred during the reporting period:

Name	Designate	Nature	Date
Mr Jochen Zeitz	Non-executive	Resigned	12 July 2018
Mr Christophe Vinsonneau	Non-executive	Resigned	12 July 2018
Mr Babajide HK (Jide) Olanrewaju	Non-executive	Appointed	12 July 2018
Mr Akinyemi (Yemi) Lalude	Non-executive	Appointed	12 July 2018
Mr Michael (Mike) Stone	Non-executive	Appointed	12 July 2018
Mr Nicholas (Nick) Stone	Non-executive	Appointed	12 July 2018
Mr Michael Tollman	Independent non-executive	Resigned	23 August 2018
Mr Gavin Tollman	Non-executive	Resigned	23 August 2018
Mr Parks Tafa	Non-executive	Retired	30 August 2018
Mr Roux Marnitz	Lead independent non-executive	Retired	30 August 2018

Basis of preparation

The condensed financial information has been prepared in accordance with and containing the information required by IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and complies with the disclosure requirements of the Botswana Stock Exchange and the Johannesburg Stock Exchange Listings Requirements. The report has been prepared using accounting policies that comply with International Financial Reporting Standards, in a manner that is consistent with those applied in the prior year financial statements.

Changes in accounting policies and comparability

The Group has adopted certain new standards, amendments and interpretations to existing standards which are effective for the financial year beginning 1 March 2018. The adoption of amendments to these standards has not had any material impact on previously reported figures.

Outlook

The Group's strategy continues to focus on investing in African tourism markets that offer authentic wildlife and safari experiences and where our specific ecotourism model can have positive conservation and community impacts. Our ecotourism model and our vertical integration is a key differentiator from our competitors and places us at a significant advantage. Our forward occupancy for the rest of the year is expected to at least match that of the prior year. The continued strength of the US economy, continued political stability in Kenya and further progress in Zimbabwe are positive factors that should drive demand for our product, for so long as they continue.

The rebuilt camps of Mombo, Chitabe and Serra Cafema (September 2018) have all been successful with enormous positive feedback from the trade. Our new lodge development at Magashi in Akagera National Park, Rwanda, is picking up steam and is expected to be completed in the first quarter of next year.

By order of the Board

Keith Vincent
Chief Executive Officer

Ami Azoulay
Chief Financial Officer (Preparer)

29 October 2018