WILDERNESS
HOLDINGS

Unaudited interim announcement of condensed consolidated financial results

For the six months ended 31 August 2017

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).

Condensed consolidated statement of comprehensive income

P'000	Unaudited Six months ended 31 Aug 2017	Change	Unaudited Six months ended 31 Aug 2016	Audited Year ended 28 Feb 2017
Revenue	**704 949**	10%	641 912	1 107 467
Cost of sales	**(209 826)**		(184 406)	(353 447)
Gross profit	**495 123**		457 506	754 020
Other gains	**581**		2 000	16 182
Operating expenses	**(309 161)**	11%	(277 278)	(550 018)
Foreign exchange losses	**(7 754)**		(7 400)	(11 317)
Operating profit for year before items listed below (EBITDA)	**178 789**	2%	174 828	208 867
Impairment loss	**(4 231)**		(3 133)	(3 165)
Depreciation and amortisation	**(41 273)**		(36 121)	(76 927)
Operating profit	**133 285**	(2%)	135 574	128 775
Net finance costs	**(9 473)**		(3 297)	(9 195)
Unrealised foreign exchange gains/(losses) on loans	**9 319**		(5 416)	(20 806)
Share of associate company profit	**2 035**		1 926	2 600
Profit before taxation	**135 166**	5%	128 787	101 374
Taxation	**(18 395)**		(35 205)	(38 623)
Profit for the period	**116 771**	25%	93 582	62 751
Other comprehensive (loss)/income	**(2 211)**		4 764	17 059
Items that may be subsequently reclassified to profit or loss:				
Exchange differences on translating foreign operations	**(2 211)**		4 764	17 059
Total comprehensive income for the period	**114 560**		98 346	79 810
Profit attributable to:				
Owners of the Company	**99 945**		79 370	55 497
Non-controlling interest	**16 826**		14 212	7 254
	116 771		93 582	62 751
Total comprehensive income attributable to:				
Owners of the Company	**97 311**		85 422	73 844
Non-controlling interest	**17 249**		12 924	5 966
	114 560		98 346	79 810
Earnings per share (thebe)				
– Basic	**42.17**	23%	34.23	23.74
– Diluted	**41.92**	28%	32.71	23.59

Condensed consolidated statement of cash flows

P'000	Unaudited Six months ended 31 Aug 2017	Unaudited Six months ended 31 Aug 2016	Audited Year ended 28 Feb 2017
Cash flow from operating activities			
Cash generated from operations	**253 776**	218 540	210 902
Net finance costs	**(9 473)**	(3 297)	(9 195)
Taxation paid	**(26 532)**	(23 280)	(45 839)
Net cash inflow from operating activities	**217 771**	191 963	155 868
Cash flow from investing activities			
Acquisition of subsidiary companies	**–**	(71 705)	(71 705)
Additions to property, plant and equipment and intangibles	**(120 794)**	(71 308)	(142 392)
Proceeds on disposal of property, plant and equipment	**3 318**	1 469	4 510
Increases in long-term loans receivable	**(13 622)**	–	–
Net cash outflow from investing activities	**(131 098)**	(141 544)	(209 587)
Cash flow from financing activities			
Non-controlling interests' share of dividends	**(1 299)**	(3 269)	(3 269)
Share-based payment – employee tax settlement	**–**	–	(14 908)
Dividends paid	**(39 082)**	(34 782)	(34 782)
Repayment of long-term liabilities	**(2 709)**	(28 447)	(58 037)
Increases in long-term liabilities	**227 134**	2 592	138 857
Net cash inflow/(outflow) from financing activities	**184 044**	(63 906)	27 861
Net increase/(decrease) in cash and cash equivalents	**270 717**	(13 487)	(25 858)
Unrealised exchange (losses) on foreign cash balances	**(3 832)**	(2 393)	(5 628)
Cash and cash equivalents at the beginning of year	**170 479**	201 965	201 965
Cash and cash equivalents at end of year	**437 364**	186 085	170 479

Condensed consolidated statement of changes in equity

P'000	Unaudited Six months ended 31 Aug 2017	Unaudited Six months ended 31 Aug 2016	Audited Year ended 28 Feb 2017
Opening balance	**536 571**	469 528	469 528
Minority portion of dividend paid	**(1 299)**	(3 269)	(3 269)
Dividends paid	**(39 082)**	(34 782)	(34 782)
Total comprehensive income for the period	**114 560**	98 346	79 810
Share-based payment reserve	**552**	410	(12 364)
Other	**(3)**	(11 306)	37 648
Closing balance	**611 299**	518 927	536 571

Condensed consolidated statement of financial position

P'000	Unaudited As at 31 Aug 2017	Unaudited As at 31 Aug 2016	Audited As at 28 Feb 2017
Assets			
Non-current assets	**887 950**	714 620	795 849
Property, plant and equipment	**643 635**	540 855	571 121
Goodwill	**69 085**	62 937	69 152
Intangible assets	**116 107**	71 019	119 694
Investments and loans in associates	**14 735**	12 026	12 700
Loans receivable	**13 622**	–	–
Deferred tax assets	**30 766**	27 783	23 182
Current assets	**732 720**	454 500	428 919
Inventories	**35 341**	32 799	31 952
Receivables and prepayments	**181 975**	161 602	140 968
Current tax receivable	**25 885**	11 902	23 818
Bank balances and cash	**489 519**	248 197	232 181
Total assets	**1 620 670**	1 169 120	1 224 768
Equity and liabilities			
Equity attributable to the owners of the Company	**566 763**	532 329	507 985
Stated capital	**167 291**	156 086	167 291
Foreign currency translation reserve	**21 443**	11 780	24 080
Common control reserve	**(73 324)**	(73 324)	(73 324)
Other non-distributable reserves	**19 318**	(9 983)	19 318
Share-based payment reserve	**34**	23 461	(518)
Retained income	**432 001**	424 309	371 138
Non-controlling interest	**44 536**	(13 402)	28 586
Total equity	**611 299**	518 927	536 571
Non-current liabilities	**444 548**	100 461	226 759
Borrowings	**379 402**	49 741	160 617
Deferred tax liabilities	**65 146**	50 720	66 142
Current liabilities	**564 823**	549 732	461 438
Trade and other payables	**497 119**	461 674	385 923
Borrowings – current portion	**7 078**	12 254	7 210
Current tax liabilities	**8 471**	13 692	6 603
Bank overdrafts	**52 155**	62 112	61 702
Total liabilities	**1 009 371**	650 193	688 197
Total equity and liabilities	**1 620 670**	1 169 120	1 224 768
Net asset value per share (thebe)	**239**	230	217
Net tangible asset value per share (thebe)	**161**	172	137

Additional disclosure

P'000	Unaudited Six months ended 31 Aug 2017	Unaudited Six months ended 31 Aug 2016	Audited Year ended 28 Feb 2017
Reconciliation between profit attributable to owners of the Company and headline earnings			
Profit attributable to owners of the Company	**99 945**	79 370	55 497
Adjustments			
IAS 16 – Gains on disposal and impairment of property, plant and equipment	**(543)**	(1 977)	(6 128)
IAS 27 – Gains on disposal of subsidiaries	**–**	–	(10 134)
IAS 36 – Impairment of assets	**4 209**	3 086	3 204
Tax effects of adjustments	**(745)**	(130)	2 841
Minority interest	**(37)**	(286)	(299)
Headline earnings	**102 829**	80 063	44 981
Number of shares issued (thousands)			
Issued	**237 362**	231 882	236 859
Weighted average	**237 017**	231 882	233 781
Diluted weighted average	**238 444**	242 642	235 246
Headline earnings per share (thebe)			
Basic	**43.38**	34.53	19.24
Diluted	**43.13**	33.00	19.12
Commitments			
Capital			
Authorised by directors and contracted for	**63 478**	33 483	110 006
Not yet contracted for but authorised by directors	**56 832**	79 234	129 381
	120 310	112 717	239 387
It is intended to finance capital expenditure from working capital generated and existing borrowing facilities.			
Operating leases			
Minimum lease payments due			
– within one year	**16 122**	23 415	16 929
– in second to fifth year inclusive	**51 515**	53 667	39 557
– after fifth year	**49 526**	84 387	66 229
	117 163	161 469	122 715
Borrowings			
Non-current			
Interest bearing	**371 274**	38 440	157 661
Non-interest bearing	**15 206**	23 555	10 166
Less: Current portion of long-term liabilities	**(7 078)**	(12 254)	(7 210)
	379 402	49 741	160 617

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 **JSE Sponsor:** Arbor Capital Sponsors Proprietary Limited **Transfer secretaries:** Corpserve Botswana – Computershare
Directors: BBP Tafa# *(Chairman)*, M Tollman* *(Deputy Chairman)*, KNW Vincent *(CEO)*, A Azoulay *(CFO)*, DA de la Harpe, JM Hunt*, RJ Marnitz*, MW McCulloch#, GB Tollman#, MPK ter Haar*, C Vinsonneau#, J Zeitz* *#non-executive director *independent non-executive director*
Group Company Secretary: L Alexander

Highlights

- ∧ **Revenue** up **10%** to **P705 million**
- ∧ **EBITDA** up **2%** to **P179 million**
- ∧ **Adjusted EBITDA*** up **8%**
- ∨ **Total revenue per available room**** down **5%**
- ∧ **Profit** after tax up **25%** to **P117 million**
- ∧ **Cash generated** by operations up **13%** to **P218 million**
- ∧ **HEPS** up **26%** to **43 thebe per share**
- ∨ **Occupancy** rate down to **65%** from 66%

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

* Adjusted EBITDA excludes the effects of the Governors' acquisition and foreign exchange (losses)/gains.
** Total revenue per available room (TRevPar) is calculated as total revenue from Travel Experience divided by total available rooms.

www.wilderness-holdings.com

Segmental information

P'ooo	Unaudited Six months ended 31 Aug 2017	Unaudited Six months ended 31 Aug 2016	Audited Year ended 28 Feb 2017
Segmental profit			
Botswana	**91 608**	93 669	122 677
Kenya	**5 083**	13 360	9 523
Namibia	**22 909**	14 492	16 833
Rwanda	**7 669**	3 802	6 914
South Africa	**35 399**	45 831	39 173
Zambezi	**24 546**	8 509	8 959
Intergroup	**(1 252)**	565	(77)
Group	**185 962**	180 228	204 002
Depreciation and amortisation			
Botswana	**(18 543)**	(17 674)	(37 942)
Kenya	**(1 792)**	(593)	(2 737)
Namibia	**(6 981)**	(5 371)	(11 495)
Rwanda	**(141)**	(165)	(397)
South Africa	**(4 360)**	(3 537)	(6 408)
Zambezi	**(9 456)**	(8 781)	(17 948)
Group	**(41 273)**	(36 121)	(76 927)
Transactions unallocated to a segment			
Other gains	**581**	2 000	16 182
Foreign exchange (losses)/gains	**(7 754)**	(7 400)	(11 317)
Impairment losses	**(4 231)**	(3 133)	(3 165)
Interest paid	**(11 052)**	(3 739)	(11 096)
Interest received	**1 579**	442	1 901
Unrealised forex loss – loans	**9 319**	(5 416)	(20 806)
Associate earnings	**2 035**	1 926	2 600
Profit before taxation	**135 166**	128 787	101 374
Taxation	**(18 395)**	(35 205)	(38 623)
Profit after tax	**116 771**	93 582	62 751
Segmental assets			
Botswana	**850 492**	627 294	705 077
Kenya	**59 537**	59 862	48 314
Namibia	**173 726**	149 775	143 138
Rwanda	**76 262**	31 059	70 626
South Africa	**415 478**	241 447	199 714
Zambezi	**150 307**	152 124	122 019
Central financing activities and eliminations	**(105 132)**	(92 441)	(64 120)
Group	**1 620 670**	1 169 120	1 224 768

P'ooo	Unaudited Six months ended 31 Aug 2017	Unaudited Six months ended 31 Aug 2016	Audited Year ended 28 Feb 2017
Revenue			
Revenues by type of service			
Travel experience	**621 484**	573 948	990 273
Service fees	**67 192**	53 006	87 645
Other revenue	**16 273**	14 958	29 549
	704 949	641 912	1 107 467
Revenues by geographical regions			
Botswana	**293 969**	284 803	477 373
Kenya	**49 355**	31 430	73 021
Namibia	**107 477**	91 342	176 559
Rwanda	**20 733**	8 352	24 192
South Africa	**459 286**	446 503	731 983
Zambezi	**114 177**	96 752	162 432
Intergroup	**(340 048)**	(317 270)	(538 093)
	704 949	641 912	1 107 467
	%	%	%
Revenue by source market (%)			
Africa and Middle East	**32**	31	33
Americas	**43**	44	40
Australasia	**2**	3	2
Europe and Asia	**23**	22	25
	100	100	100

Commentary

The Group produced a sound performance demonstrating its resilience to the continued appreciation of the home currencies with 10% and 2% growth in revenue and EBITDA, respectively. Organic growth was pleasing, recording an 8% increase in EBITDA, this despite having the Group's flagship camp earning less revenue while the rebuilding of the new camp is in progress. Total available bednights (capacity) increased by 14% as the Governors' businesses were included for the full period in comparison to just two months in the prior period. This inclusion of Governors' resulted in a marginal decline of one percentage point, to 65%, in occupancy rate. The air business in Namibia has made a promising recovery from a loss of P2 million to a profit of P1.5 million. In late June, Bisate Lodge opened in Rwanda and is proving to be highly successful with occupancy rates reaching 90% in the high season.

The Group recorded a 26% increase in headline earnings per share ("HEPS").

Governors' acquisition

The comparative results for Governors' include only high season, following its consolidation from 1 July 2016, while the current reporting also includes low season. This equates to a contribution of P64 million (2016: P39 million) to revenue and P12 million (2016: P18 million) to EBITDA. In the volatile election environment in Kenya the downturn in performance was expected and with the continued electoral uncertainty there could be further impact. The Group is satisfied with its acquisition of Governors' and the mutual co-operation between the two businesses, and is confident that additional synergies between the groups can be unlocked.

Financial review

Revenue increased by 10% to P705 million following the strong growth in bednights sold to 101 166 (2016: 89 297). Available bednights have increased by 14% to 155 226 (2016: 136 038). The sales mix has changed materially as the Tour Series and Governors' categories combined now account for 35% (2016: 25%) of total bednights sold.

EBITDA margin declined from 27% to 25%, largely due to the inclusion of the low season of the Governors' businesses. Excluding Governors', EBITDA margin would have been unchanged at 26%. The impact of the exchange rate on the revenue line was negligible but on bottom line was far more significant as the stronger Pula and Rand pushed real selling rates down, impacting negatively on performance in South Africa and Botswana in particular. The Rand gained 11% against the USD, while the Pula appreciated by 5%. Operating costs remained well contained with an increase of 5% after adjusting for Governors'.

Other gains of P0.5 million include proceeds from insurance claims amounting to P1.1 million offset by losses on disposal of assets amounting to P0.6 million. Impairment losses amounted to P4.2 million and relate to the decommissioning of the old camp assets.

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 187% higher at P9.5 million (2016: P3.3 million), being a consequence of the inclusion of Governors' and the increased debt to finance capital investment and acquisitions.

The Group's effective tax rate decreased from 27% in the prior year to 14%, largely due to the recognition of a P10 million deferred tax asset in the Governors' Group following its strong turnaround in performance.

Capital expenditure amounted to P121 million for the period, continuing with the Group's philosophy to ensure our properties and assets remain in pristine condition. However, capital expenditure is expected to taper off at the end of the financial year following the completion of Bisate Lodge and Mombo Camp. Approximately P23 million has been spent on new camps and P71 million on rebuilding existing camps. The balance is largely defensive in nature.

Cash balances, less overdrafts, have increased by 135% to P437 million as a result of strong cash generated from operations amounting to P218 million and a net increase in borrowings amounting to P224 million, as these were drawn down to finance capital expenditure previously funded out of own cash resources.

Geographical operations (segmental performance)

Namibia, Rwanda and Zambezi regions all recorded strong growth as, combined, they contributed 30% (2016: 15%) of segmental profit and reflect combined growth of 104% from P27 million to P55 million. Botswana's performance was down 2%. South Africa declined 23% as a direct result of the strength of the Rand. Kenya recorded a decline of 62% following the inclusion of low season for the period.

Loan advanced

The Group continues to look for growth opportunities and to promote sustainable tourism land use. Accordingly, the Group is participating in the development of a camp in a new concession area and has advanced funds on loan account to a local investor. The funds will be utilised, under supervision by the Group, to develop a world-class camp which it will support thereafter by providing marketing and sales services. This transaction allows the Group to take a more direct interest in the camp at an opportune time in the future, should this be considered prudent for the Group and the local investor.

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.

Leases

The Lease Renewal Process ("LRP") for the concessions upon which Mombo, Little Mombo and Xigera camps are located has been completed. The Group expects the signed leases to be received imminently and for all intents and purposes deems the process complete. The Group has also commenced the LRP for the concession upon which Vumbura Plains and Little Vumbura are situated. All the relevant requirements in terms of the LRP have been complied with and submitted to the Botswana Tourism Organisation; the Group is confident of a positive conclusion early next year.

Shares in issue

During the period the Company issued 503 555 ordinary shares at no par value (representing approximately 0.21% of the enlarged number of shares in issue) for no consideration to settle the share scheme obligations. At 31 August 2017 the number of ordinary shares in issue was 237 362 408 (2016: 231 882 451) and the weighted average number of shares was 237 016 867 (2016: 231 882 451).

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.

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 JSE. 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 2017. The adoption of amendments to these standards has not had any material impact on previously reported figures.

The IFRIC issued IFRIC 22 Foreign Currency Transactions and Advance Consideration in December 2016 clarifying the application of IAS 21 to advance consideration transactions. The IFRIC is applicable for all financial periods commencing on or after 1 January 2018, however, the Group has elected to early adopt the interpretation with effect from this current period. In addition, the Group has elected to apply this IFRIC on a prospective basis and as such no comparative information is restated as a result of the new requirements.

Outlook

Tourism activity in southern Africa is at high levels. Our forward occupancy for the rest of the year is encouraging. The Group's strategic intent is to invest in African tourism and we have tailored our business model to have the most impact in this environment. However, this model is vulnerable to events that impact on travellers. The political and economic uncertainty in Kenya and Zimbabwe and the volatile currencies are a concern.

By order of the Board
27 October 2017

Keith Vincent
Chief Executive Officer

Ami Azoulay
Chief Financial Officer (Preparer)

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