WILDERNESS MAINTAINS TURNOVER IN TOUGH MARKET

Gaborone, Botswana, 2 November 2010 – Conservation tourism pioneer Wilderness Holdings, listed on the Botswana Stock Exchange and the Africa Board of the JSE Limited, increased turnover by P28 million to P574 million, for the six months to 31 August 2010, in a challenging trading environment.

Chief executive Andy Payne said that while market conditions remain challenging, the company has performed well. The business has experienced real growth in bed night sales, downward pressure on yield has been well managed and on a like for like basis the costs have increased within expected levels.

Looking ahead, market conditions are expected to remain challenging with the bed night demand remaining tempered in the short to medium term, the exchange rates to remain unfavourable and cost increase pressures to continue.

Payne said: “Despite these challenging conditions, significant effort will be focused on strengthening our business model. We are confident that there is still room for us to improve efficiency and increase market share.”

“The performance against comparatives should also be viewed in light of the negative impact resulting from currency gains (Rand and Pula against the US Dollar and the Rand against the Pula) and the depressed 2010 World Cup trading period.”

“Given these challenges we are particularly pleased to note progress on key imperatives, namely investments in the brand, people, scale opportunities and product relevance. Furthermore, our infancy products have performed well, which has partly offset reduced demand that resulted from negative market conditions and once-off events.”

“Our most significant achievement has been the strengthening of the Statement of Financial Position, specifically the substantial increase in cash reserves and the positive impact of the internal hedge in the business on the translation of foreign currency denominated debt.”

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Gross margins remain constant relative to the comparable period resulting in the group achieving similar levels of operating profit. Earnings before depreciation, amortisation and goodwill impairment (EBITDA) for the six months was P99 million, largely in line with the P100 million achieved in the comparable period in 2009.

Compared to the comparable period, operating costs increased by 32% or P44 million, partly due to the strengthening of the Rand against the Pula, which accounted for an estimated P10 million or 7% of this increase. In addition, two new businesses have been consolidated into these results for the first time and this caused fixed costs to increase by P6 million or 4%. Other significant increases in costs were attributable to staff expenses (7%) and repairs and maintenance (4%).

The effect of these operating cost increases was offset by P36 million in other operating income, being the proceeds of insurance claims on damaged aircraft as well as the Duba Plains transaction.

Operating profit was relatively the same as in the comparable period while net profit after taxation is 32% down on prior year, due to the inclusion in prior year of a substantial unrealised foreign exchange gain.

The group generated P97 million in cash during the period with the net result of improving the net cash position from P64 million at March to P161 million at 31 August. This has strengthened the statement of financial position considerably. “The statement of financial position will be further bolstered by the estimated P93 million from proceeds on the sale of North Island by an associated company, which occurred after the six-month period,” Payne said.