



FRONTIER
Transport Holdings

(Formerly Hosken Passenger Logistics and Rail Limited)

**REVIEWED PROVISIONAL
CONDENSED CONSOLIDATED RESULTS**
For the year ended 31 March 2022

COMMENTARY AND RESULTS

OVERVIEW

During the reporting period, the momentum of the national vaccination rollout, the gradual push to herd immunity, and the easing of lockdown restrictions signaled the beginning of the end of Covid-19. These reprieves impacted Group subsidiaries in varying ways, albeit that the common thread of restored mobility and the lifting of regulations, provided a basis for returning Group subsidiaries to operational levels seen prior to the outbreak of the pandemic.

Golden Arrow and Sibanye passenger numbers showed a 90% to 95% return to pre-Covid levels towards the latter part of the reporting period, as businesses generally started to phase out remote working arrangements and capacity restrictions on public transport vehicles were eased. Table Bay Area Rapid Transit, due to its kilometre-based operating model was relatively insulated from dwindling patronage, whilst the return to normality by the luxury coach division ElJosa, was regrettably constrained by the slow recovery of the international tourism sector.

A host of interventions were undertaken to address the increase of on-board robberies. These included the installation of panic buttons, on-board CCTV cameras and drop safes. With these initiatives and close liaison with law enforcement agencies, successful arrests, and convictions of members of organised syndicates were achieved, which bolstered and reinforced safety on buses.

The surge in crude oil prices prompted by geo-political turmoil and the precarious performance of the Rand compared to the US dollar, precipitated a significant increase of 34% in the price of diesel over the review period, which placed unavoidable strain on the prudent management of a major input cost.

Two electric buses were added to the service schedule during the reporting period and data garnered from the testing has augmented the strategic leap to add electrically propelled buses to the Golden Arrow fleet on a permanent basis.

The Frontier Group concluded two acquisitions during the reporting period. In May 2021, the Group acquired a majority joint venture stake (51%) in Alpine Truck and Bus, a KwaZulu-Natal based bus and truck retail entity. This business sells pre-owned buses and trucks and aftermarket spare parts for buses and trucks.

In March 2022, the businesses of eLori Proprietary Limited and eTreads Proprietary Limited were acquired (via the Group's 100% held subsidiary Frontier Tyres Proprietary Limited), a new and retread tyre operation, which is well placed to facilitate cost efficient vertical integration with bus maintenance across the Group.

REVIEW OF RESULTS

During the financial year, the Group experienced a marked increase in passenger numbers as the effect of lockdown restrictions eased across the country. Resulting in an increase in revenue of 26.8% from FY 2021. While the rising fuel price has resulted in increased operating expenses the Group was able to increase its fares to compensate, resulting in EBITDA of R447.8 million (16.2% higher than FY 2021 of R385.3 million).

The Group put all major capital expenditure (including its fleet replacement programme) on hold during FY 2021 resulting in net reduction in debt for the year from 31 March 2021 of R140.1 million (net reduction from 31 March 2020 to 31 March 2021 was R152.8 million). Finance costs for FY 2022 are therefore R10.2 million lower than FY 2021.

The Group is pleased to show attributable Group profit of R261.2 million (27.5% higher than FY 2021 of R204.8 million and in line with pre-COVID FY2020 of R 261.0 million) and Headline earnings at R263.2 million (29.6% higher than FY 2021 of R203.0 million and 5.0% higher than FY2020 of R250.5 million).

CHANGES IN DIRECTORATE

Mr Rob Nicoletta was appointed to the board as a non-executive director with effect from 3 May 2022.

There were no other changes in directorate during the period under review.

COMMENTARY AND RESULTS (CONTINUED)

ORDINARY CASH DIVIDEND TO SHAREHOLDERS

The directors have approved and declared a final ordinary dividend of 32 cents (gross) per Frontier share for the year ended 31 March 2022 from income reserves (2021: 26 cents (gross)).

The salient dates for the payment of this dividend are as follows:

Announcement date	Thursday, 26 May 2022
Last day to trade cum dividend	Monday, 13 June 2022
Commence trading ex-dividend	Tuesday, 14 June 2022
Record date	Friday, 17 June 2022
Payment date	Monday, 20 June 2022

Share certificates may not be dematerialised or rematerialised between Tuesday, 14 June 2022, and Friday, 17 June 2022, both days inclusive.

In terms of legislation applicable to Dividends Tax ("DT") the following additional information is disclosed:

- The final ordinary dividend shall constitute a "dividend" as defined in the Income Tax Act, 58 of 1962.
- The local DT rate is 20%.
- The number of ordinary shares in issue at the date of the declaration is 290 000 000.
- The DT amounts to 6.4 cents per share for the final ordinary dividend.
- The net local dividend amount is 25.6 cents per share for the final ordinary dividend for all shareholders who are not exempt from DT.
- Frontier's income tax reference number is 9754/276/16/1.

In terms of DT legislation, any DT amount due will be withheld and paid over to the South African Revenue Service by a nominee company, stockbroker or Central Securities Depository Participant (collectively "regulated intermediary") on behalf of shareholders. All shareholders should declare their status to their regulated intermediary as they may qualify for a reduced DT rate or exemption.

For and on behalf of the board of directors



FE Meyer
Chief Executive Officer

26 May 2022



ML Wilkin
Chief Financial Officer

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Notes	Reviewed 2022 R'000	Audited 2021 R'000
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment	1	1 626 129	1 713 767
Right-of-use assets	2	1 588 298	1 660 242
Goodwill		5 671	25 295
Intangible assets		23 940	27 298
Investment in associate		59	59
Loan to associate		1 743	378
Deferred taxation		5 882	–
		536	495
<i>Current assets</i>			
Inventories		699 181	588 632
Trade and other receivables		36 015	18 890
Taxation		75 977	64 861
Cash and cash equivalents		8 949	7 100
		578 240	497 781
Total assets		2 325 310	2 302 399
EQUITY AND LIABILITIES			
<i>Equity</i>			
Equity attributable to equity holders of the parent		1 413 853	1 284 243
Non-controlling interest		1 426 504	1 292 472
		(12 651)	(8 229)
<i>Non-current liabilities</i>			
Borrowings		491 967	597 413
Instalment sale obligations		2 619	9 351
Lease liabilities	2	121 640	199 988
Post-employment medical benefit liability		1 857	22 738
Deferred taxation		66 550	68 939
		299 301	296 397
<i>Current liabilities</i>			
Trade and other payables		419 490	420 743
Borrowings		227 208	174 540
Instalment sale obligations		8 145	19 498
Taxation		92 219	135 858
Provisions		38	1 375
		91 880	89 472
Total equity and liabilities		2 325 310	2 302 399

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2022

	Notes	Reviewed 2022 R'000	Audited 2021 R'000
Revenue	3	2 080 002	1 641 025
Other income		11 989	16 070
Operating expenses		(1 644 193)	(1 271 759)
Operating profit (EBITDA)		447 798	385 336
Depreciation and amortisation		(92 028)	(92 189)
Investment income		15 975	13 413
Profit/(loss) from equity accounted investment		1 364	(479)
Finance costs		(19 880)	(30 108)
Profit before taxation		353 229	275 973
Taxation		(96 452)	(77 240)
Profit for the year		256 777	198 733
Profit attributable to:			
Equity holders of the parent		261 199	204 799
Non-controlling interest		(4 422)	(6 066)
		256 777	198 733
Earning per share (cents)			
Basic		90.07	70.62
Diluted		89.52	70.62

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	Reviewed 2022 R'000	Audited 2021 R'000
Profit for the year	256 777	198 733
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss</i>		
Actuarial gains/(losses) on defined benefit plans	5 473	(10 704)
Taxation relating to actuarial gains/(losses) on defined benefit plans	(1 478)	2 997
Total comprehensive income for the year	260 772	191 026
Total comprehensive income attributable to:		
Equity holders of the parent	265 194	197 092
Non-controlling interest	(4 422)	(6 066)
	260 772	191 026

RECONCILIATION OF HEADLINE EARNINGS

For the year ended 31 March 2022

Reconciliation of headline earnings	Reviewed 2022 R'000		Audited 2021 R'000	
	Gross	Net	Gross	Net
Earnings attributable to equity holders of the parent		261 199		204 799
Profit on disposal of plant and equipment	(5 495)	(3 956)	(4 077)	(2 935)
Impairment of plant and equipment	5 006	3 604	10 262	7 389
Impairment of goodwill	4 247	4 247	–	–
Insurance claim for capital assets	(2 683)	(1 932)	(8 656)	(6 232)
Headline earnings		263 162		203 021
Earnings per share (cents)				
Basic		90.07		70.62
Diluted		89.52		70.62
Headline earnings per share (cents)				
Basic		90.75		70.01
Diluted		90.19		70.01
Weighted average number of shares in issue ('000)				
Basic		290 000		290 000
Diluted		291 775		290 000
Actual number of shares in issue ('000)		290 000		290 000

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Reviewed 2022 R'000	Audited 2021 R'000
Balance at the beginning of the year	1 284 243	1 226 588
Total comprehensive income	260 772	191 026
Equity settled share-based payments	2 238	8 729
Dividends	(133 400)	(142 100)
Balance at the end of the year	1 413 853	1 284 243

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2022

	Notes	Reviewed 2022 R'000	Audited 2021 R'000
Cash flows from operating activities		247 453	186 993
Cash generated from operations		483 010	400 946
Investment income		15 975	13 413
Finance cost		(19 880)	(30 108)
Taxation paid		(98 252)	(55 158)
Dividends paid		(133 400)	(142 100)
Cash flows from investing activities		(12 959)	2 262
Dividends received		–	2 500
Business combinations	5	(6 500)	–
Loan to associate advanced		(5 882)	–
Acquisition of property, plant and equipment	4	(12 402)	(6 953)
Proceeds from sale of plant and equipment		11 825	6 715
Cash flows from financing activities		(154 035)	(181 097)
Funding raised	4	–	5 000
Funding repaid	4	(152 836)	(186 010)
Principal paid on lease liabilities		(1 199)	(87)
Increase in cash and cash equivalents		80 459	8 158
Cash and cash equivalents			
At the beginning of the year		497 781	489 623
At the end of the year		578 240	497 781

NOTES TO THE REVIEWED PROVISIONAL CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The reviewed provisional condensed consolidated results for year ended 31 March 2022 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the disclosure requirements of IAS 34 – Interim Financial Reporting, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the South African Companies Act, No. 71 of 2008 (as amended) and the Listings Requirements of the JSE Limited.

The accounting policies applied by the Group in preparation of these reviewed provisional condensed consolidated financial statements are consistent with those applied by the Group in its consolidated annual financial statements for the year ended 31 March 2021. Details of the standards applied are provided in the annual financial statements. As required by the Listings Requirements of the JSE Limited, the Group reports headline earnings in accordance with Circular 1/2021 – Headline Earnings, as issued by the South African Institute of Chartered Accountants.

These reviewed provisional condensed consolidated financial statements were prepared under the supervision of the chief financial officer, Mr. Mark Wilkin CA(SA).

OPERATING SEGMENTS

The directors have considered the implications of IFRS 8: Operating segments and are of the opinion that the operations of the Group materially constitute one operating segment, being the provision of passenger transport services within South Africa. Resource allocation and operational management is performed on an aggregate basis. Performance is measured based on profit or loss before tax as shown in internal management reports that are reviewed by the chief operating decision maker, who is the Group's chief executive officer.

The operating segments attributable to the new businesses acquired in this financial year (refer to note 5 Business combinations) which constitute the sale of vehicles, aftermarket spare parts and tyres fall below the threshold as set out in IFRS 8 and as such are not separately disclosed.

REVIEW BY THE INDEPENDENT AUDITOR

The provisional condensed consolidated financial statements for the year ended 31 March 2022 have been reviewed by BDO South Africa Incorporated, who expressed an unmodified review conclusion. The auditor's report does not necessarily report on all the information contained in the financial results. Any reference to future financial performance included in this announcement has not been reviewed nor reported on. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

1. PROPERTY, PLANT AND EQUIPMENT

The movement in property, plant and equipment is summarised as follows:

	Carrying Value at 31 March 2021		Additions R'000	Depreciation R'000	Disposals R'000	Business combinations		Impairments R'000	Carrying Value at 31 March 2022	
	R'000	R'000				R'000	R'000		R'000	R'000
Buses	1 256 254	12 704	(82 213)	(6 271)	–	(4 679)			1 175 795	
Computer hardware, fare collection and radio equipment	54 530	658	(6 543)	(7)	300	(327)			48 611	
Land and buildings and leasehold improvements	342 991	6 557	(50)	–	–	–			349 498	
Motor vehicles	4 219	4 789	(1 900)	(52)	1 732	–			8 788	
Plant and machinery	1 596	338	(931)	–	3 949	–			4 952	
Furniture and fixtures	652	120	(252)	–	134	–			654	
Total	1 660 242	25 166	(91 889)	(6 330)	6 115	(5 006)			1 588 298	

The Group acquired five commuter buses totaling R12.7 million (2021: acquired ten commuter buses totaling R23.1 million and two luxury coaches totaling R5.4 million).

The impairment of buses with a net book value of R4.7 million (2021: R9.7 million) relates to the destruction of seven Golden Arrow buses (2021: 13 Golden Arrow buses), of which R2.5 million is receivable from insurance proceeds (2021: R8.7 million).

NOTES TO THE REVIEWED PROVISIONAL CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. LEASES

Movement in the carrying value of right-of-use assets and lease liabilities are as follows:

	Reviewed 2022 R'000	Audited 2021 R'000
Reconciliation of right-of-use assets		
Carrying value at the beginning of the year	25 295	25 360
Additions	2 681	–
Remeasurement of lease	(22 166)	–
Depreciation	(139)	(65)
Carrying value as at 31 March	5 671	25 295
Reconciliation of lease liabilities		
Carrying value at the beginning of the year	23 877	24 415
Finance costs	2 121	2 189
Lease payments	(3 320)	(2 276)
Additions	2 681	–
Remeasurement of lease	(22 166)	–
Rent concession	–	(451)
Carrying value as at 31 March	3 193	23 877
Of which:		
Current (included in Trade and other payables)	1 336	1 139
Non-current	1 857	22 738
	3 193	23 877

The prior year measurement of the lease liability included an option to purchase the property for a consideration of R22.5 million on the expiry of the lease term in May 2022. At year end, management has taken the decision not to exercise this option and as such the lease liability has been remeasured to exclude the value of this option.

3. REVENUE

Group revenue for the year is made up as follows:

	Reviewed 2022 R'000	Audited 2021 R'000
Revenue from bus services		
<i>Revenue recognised over time</i>		
Operational contract carrying revenue risk	1 132 644	1 073 596
Operational contract with no revenue risk	140 787	130 399
Sale of multi-journey tickets	441 793	273 199
<i>Revenue recognised at a point in time</i>		
Sale of single journey tickets	293 603	149 277
Charter hire services	32 638	9 547
Total revenue from bus services	2 041 465	1 636 018
Revenue from goods sold		
<i>Revenue recognised at a point in time</i>		
Sale of vehicles	20 158	–
Sale of spares, tyres and re-treads	8 073	–
	28 231	–
Revenue from automotive repair services		
<i>Revenue recognised at a point in time</i>		
Bus and vehicle repair and maintenance	1 199	174
Tyre repairs, re-treading and related services	289	–
	1 488	174
Other revenue		
<i>Revenue recognised over time</i>		
	2 748	1 480
<i>Revenue recognised at a point in time</i>		
	6 070	3 353
	8 818	4 833
Total revenue	2 080 002	1 641 025

NOTES TO THE REVIEWED PROVISIONAL CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. REVENUE (CONTINUED)

Revenue from goods sold relate to revenue generated from the businesses of Alpine Truck & Bus and Frontier Tyres which were acquired during this financial year (refer to note 5 Business combinations). This relates to the sale of used buses and trucks, the sale of aftermarket vehicle spare parts and tyres. Revenue from the sale of these goods is recognised at a point in time.

4. BORROWINGS ARISING FROM FINANCING ACTIVITIES

Movements in the carrying value of borrowings are as follows:

	Reviewed 2022 R'000	Audited 2021 R'000
Carrying value at the beginning of the year	364 695	517 530
Cash-flows:		
Raising of new debt	–	5 000
Debt repayments	(152 836)	(186 010)
Non-cash:		
Raising of instalment sale obligations	12 764	28 175
	224 623	364 695

R12.8 million (2021: R28.2 million) of debt raised in the period relate to instalment sale agreements used to finance bus acquisitions, and therefore has not been included in the cash flow statement as a cash flow amount.

5. BUSINESS COMBINATIONS

On 1 May 2021 the Group, via its subsidiary Alpine Truck and Bus Proprietary Limited, acquired the spare parts and second hand truck and bus dealership from Alpine Seat Proprietary Limited in exchange for 49% shares in Alpine Truck and Bus Proprietary Limited. On 1 March 2022, Frontier Tyres Proprietary Limited (100% held subsidiary of the Group) acquired the business of eLori Proprietary Limited and eTreads Proprietary Limited for a purchase consideration of R6.5 million.

These businesses acquired during the year contributed revenues of R50.6 million and net loss after tax of R0.2 million to the Group from dates of effective control to 31 March 2022. Had the acquisitions been effective on 1 April 2021 the contribution to revenue would have been R86.2 million and the contribution to net profit after tax would have been R1.2 million.

The fair value of net assets acquired is as follows:

	Alpine Truck and Bus R'000	Frontier Tyres R'000	Total R'000
Non-current assets	330	5785	6 115
Current assets	591	76	667
Current liabilities	(921)	(250)	(1 171)
Net assets acquired	–	5 611	5 611
Goodwill on acquisition	–	889	889
Purchase consideration	–	6 500	6 500
Cash balances acquired	–	–	–
Net cash outflow on acquisition	–	6 500	6 500

Goodwill arose on the acquisition of Frontier Tyres and can be attributed to the benefits of expected revenue growth.

NOTES TO THE REVIEWED PROVISIONAL CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. COMMITMENTS

	Reviewed 2022 R'000	Audited 2021 R'000
Capital expenditure		
Property, plant and equipment authorised but not yet contracted	162 267	–
Property, plant and equipment authorised and contracted to be expended	22 686	4 600

It is intended that this expenditure will be funded from bank finance and operating cash flows.

Subsequent to year end, the Board approved the reinstatement of the fleet replacement programme to commence during FY2023 and has authorised the acquisition of 60 commuter buses at a total cost of R162.3 million.

7. RELATED PARTY TRANSACTIONS

Related party transactions similar to those disclosed in the Group's 2021 annual financial statements took place for the year ended 31 March 2022 and will be disclosed in the Group's annual financial statements for the year ended 31 March 2022.

8. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report that would require any adjustments to these provisional annual financial statements.

CORPORATE INFORMATION

DIRECTORS

Executive directors

FE Meyer (chief executive officer)

ML Wilkin (chief financial officer)

Non-executive directors

Y Shaik (chairperson)

TG Govender

JR Nicolella (appointed 3 May 2022)

Independent non-executive directors

L Govender (lead independent director)

NB Jappie

RD Watson

FRONTIER TRANSPORT HOLDINGS LIMITED

(Formerly Hosken Passenger Logistics and Rail Limited)

("Frontier" or "the Company" or "the Group")

Incorporated in the Republic of South Africa

Registration number: 2015/250356/06

JSE share code: FTH

ISIN: ZAE000300505

Registered office

103 Bofors Circle, Epping Industria, 7460

(PO Box 115, Cape Town, 8000)

COMPANY SECRETARY

HCI Managerial Services Proprietary Limited

Suite 801, 76 Regent Road, Sea Point, Cape Town, 8005

(PO Box 5251, Cape Town, 8000)

AUDITORS

BDO South Africa Incorporated

6th Floor, 123 Hertzog Boulevard, Foreshore, Cape Town, 8001

(PO Box 3883, Cape Town, 8000)

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited

Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

(Private Bag X9000, Saxonwold, 2132)

SPONSOR

Investec Bank Limited

100 Grayston Drive, Sandown, Sandton, 2196

(PO Box 785700, Sandton, 2146)

WEBSITE ADDRESS

www.frontiertransport.co.za



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