

UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

For the six months ended 30 September 2023



COMMENTARY AND RESULTS

OVERVIEW

Buoyed by a resilient performance under difficult operating conditions the Frontier Transport Holdings Group (FTH) was able to post a commendable set of operating results for the first six months of the current financial year.

Garnering the knowledge and experience derived from managing commuter bus services for more than a century and a half, Golden Arrow Bus Services (GABS), delivered an 62.9% rise in nett profit after tax (NPAT) *vis-à-vis* the equivalent period of the previous financial year.

Despite hikes in the price of diesel during the review period, GABS' performance was in the main underpinned by a steady increase in passenger numbers and the effect of initiatives implemented during the previous financial year, which led to the trimming of kilometres through rescheduling of routes and was further augmented by the benefits of rigorous price renegotiations and vigilant management of the procurement of spares and supplies.

The 7% wage settlement concluded in the South African Road Passenger Bargaining Council (SARPBAC) was atypically in line with inflationary projections. The longstanding exemption review applications aimed at challenging across-the-board increments in job categories in which GABS has been paying premiums relative to prescribed bargaining council rates remain ongoing, the outcome of which will be dependent on finding an opening in the timetable of the Labour Court.

The violent taxi strike in August starkly exposed the fragility of the current transport systems as perpetrators held the City of Cape Town to siege. The Group's commuter transport companies displayed gritty resolve by continuing to provide services, albeit on a limited basis, to passengers and reiterate their right to ply their services as public transport operators.

The taxi strike and the associated violence and disruption highlighted the necessity to hold perpetrators accountable for all losses incurred and GABS and the City of Cape Town have independently signalled their intent to pursue civil claims to recoup losses that were incurred as a direct consequence of the strike.

The Group's MyCiTi vehicle operating companies of Table Bay Rapid Transit (TBRT) and N2 Express, delivered solid performances that met expectations.

Apart from GABS, the standout performer of the FTH Group over the review period was unquestionably the luxury coach subsidiary, ElJoSa Travel & Tours which is benefitting from the opportunities presented by a resurgent tourism sector and a revitalised scholar transport market.

Alpine Truck and Bus made major strides in diversifying its revenue streams by securing the agency of a leading Chinese OEM truck manufacturer and expanding their spares sales.

The group's electric vehicle (EV) and solar installation strategies continue with the receipt of an electric bus from MAN for testing and the expansion of photovoltaic (PV) structures at the main Arrowgate bus depot facility.

Over the next 6 months, the prospect of diesel price uncertainty, triggered by geopolitical upheavals and increased energy demand during the northern hemisphere winter, together with a seasonal reduction in passenger numbers over the festive period, represents the main challenges the group will contend with.

REVIEW OF RESULTS

Group revenue increased by 6.9% when compared to the prior comparative period. The Group's operating expenses have been well contained and increased by only 1.1% over the same period last year. The net effect resulted in EBITDA of R265.4m (42.6% higher than the comparative prior period of R186.1m).

Debt levels increased by R34m since 31 March 2023 due to new instalment sales obligations raised to finance bus acquisitions. The Group has seen an increase of R11.5m in its net finance income (2023: Net finance income: R15.8m, 2022: Net finance income: R4.3m).

The N2 Express service contributed R3.5m to the Group's profit from equity accounted investment for the period.

The Group reflected an attributable profit for the period of R170.8m (62.9% higher than the comparative period of R104.9m).

CHANGES IN DIRECTORATE

Dr NB Jappie retired as a non-executive director with effect from 1 September 2023.

Mr MF Magugu was appointed to the board as a non-executive director with effect from 1 October 2023.

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 an interim ordinary dividend of 24.20000 cents (gross) per Frontier share for the six months ended 30 September 2023 from income reserves (2022: 22.00000 cents (gross)).

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

Announcement date	Thursday, 23 November 2023
Last day to trade cum dividend	Monday, 11 December 2023
Commence trading ex-dividend	Tuesday, 12 December 2023
Record date	Thursday, 14 December 2023
Payment date	Monday, 18 December 2023

Share certificates may not be dematerialised or rematerialised between Tuesday, 12 December 2023 and Thursday, 14 December 2023, both days inclusive.

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

- The interim 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 291 180 254.
- The DT amounts to 4.84000 cents per share for the interim ordinary dividend.
- The net local dividend amount is 19.36000 cents per share for the interim 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

22 November 2023



ML Wilkin
Chief financial officer

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2023

	Notes	Unaudited 30 September 2023 R'000	Unaudited 30 September 2022 R'000	Audited 31 March 2023 R'000
ASSETS				
Non-current assets		1 667 217	1 604 103	1 613 690
Property, plant and equipment	1	1 625 103	1 562 900	1 577 512
Right-of-use assets		7 062	3 811	4 828
Goodwill		23 940	23 940	23 940
Intangible assets		59	59	59
Investment in associate		9 459	6 249	5 982
Loan to associate		–	6 070	–
Deferred taxation		1 594	1 074	1 369
Current assets		910 818	704 148	796 606
Inventories		36 202	36 563	32 484
Trade and other receivables		79 323	108 848	80 692
Taxation		4 042	5 105	4 809
Cash and cash equivalents		791 251	553 632	678 621
Total assets		2 578 035	2 308 251	2 410 296
EQUITY AND LIABILITIES				
Equity		1 614 893	1 426 705	1 542 770
Equity attributable to equity holders of the parent		1 618 377	1 430 590	1 546 627
Non-controlling interest		(3 484)	(3 885)	(3 857)
Non-current liabilities		503 268	453 237	444 301
Borrowings		1 091	2 144	1 636
Instalment sale obligations		136 493	81 636	80 460
Lease liabilities		4 216	2 542	2 399
Post-employment medical benefit liability		67 370	71 655	62 265
Deferred taxation		294 098	295 260	297 541
Current liabilities		459 874	428 309	423 225
Trade and other payables		253 063	216 556	220 934
Lease liabilities		2 964	1 406	2 714
Borrowings		1 066	976	1 008
Instalment sale obligations		74 995	91 598	96 504
Taxation		825	3	9 491
Provisions		126 961	117 770	92 574
Total equity and liabilities		2 578 035	2 308 251	2 410 296

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2023

	Notes	Unaudited 6 months ended 30 September 2023 R'000	Unaudited 6 months ended 30 September 2022 R'000	Audited year ended 31 March 2023 R'000
Revenue	2	1 247 316	1 167 285	2 393 841
Other income		19 363	9 667	18 973
Operating expenses		(1 001 319)	(990 860)	(1 954 566)
EBITDA		265 360	186 092	458 248
Depreciation and amortisation		(50 799)	(50 815)	(99 787)
Investment income		26 271	11 939	35 583
Profit from equity accounted investment		3 477	4 506	7 239
Finance costs		(10 504)	(7 598)	(16 469)
Profit before taxation		233 805	144 124	384 814
Taxation		(62 958)	(39 235)	(107 355)
Profit for the period		170 847	104 889	277 459
Profit attributable to:				
Equity holders of the parent		170 474	104 947	277 489
Non-controlling interest		373	(58)	(30)
		170 847	104 889	277 459
Earning per share (cents)				
Basic		58.58	36.16	95.55
Diluted		58.19	35.94	94.89

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2023

	Unaudited 6 months ended 30 September 2023 R'000	Unaudited 6 months ended 30 September 2022 R'000	Audited year ended 31 March 2023 R'000
Profit for the period	170 847	104 889	277 459
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss</i>			
Actuarial gains on defined benefit plan	–	–	7 990
Taxation relating to actuarial gains on defined benefit plan	–	–	(2 157)
Total comprehensive income for the period	170 847	104 889	283 292
Total comprehensive income attributable to:			
Equity holders of the parent	170 474	104 947	283 322
Non-controlling interest	373	(58)	(30)
	170 847	104 889	283 292

RECONCILIATION OF HEADLINE EARNINGS

For the six months ended 30 September 2023

Reconciliation of headline earnings	Unaudited 6 months ended 30 September 2023 R'000		Unaudited 6 months ended 30 September 2022 R'000		Audited year ended 31 March 2023 R'000	
	Gross	Net	Gross	Net	Gross	Net
Earnings attributable to equity holders of the parent		170 474		104 947		277 489
Profit on disposal of plant and equipment	(2 339)	(1 707)	(3 768)	(2 751)	(1 244)	(908)
Impairment of goodwill	–	–	–	–	–	–
Impairment of plant and equipment	6 814	4 975	5 741	4 191	7 946	5 801
Insurance claim for capital assets	(4 848)	(3 540)	(3 898)	(2 846)	(4 645)	(3 391)
Headline earnings		170 202		103 541		278 991
Earnings per share (cents)						
Basic		58.58		36.16		95.55
Diluted		58.19		35.94		94.89
Headline earnings per share (cents)						
Basic		58.49		35.67		96.07
Diluted		58.09		35.46		95.40
Weighted average number of shares in issue ('000)						
Basic		290 995		290 253		290 414
Diluted		292 982		292 006		292 432
Actual number of shares in issue ('000)		291 180		290 516		290 596

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2023

	Unaudited 6 months ended 30 September 2023 R'000	Unaudited 6 months ended 30 September 2022 R'000	Audited year ended 31 March 2023 R'000
Balance at the beginning of the period	1 542 770	1 413 853	1 413 853
Total comprehensive income	170 847	104 889	283 292
Issue of equity			(1 426)
Equity settled share-based payments	2 985	763	3 782
Dividends	(101 709)	(92 800)	(156 731)
Balance at the end of the period	1 614 893	1 426 705	1 542 770

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2023

	Notes	Unaudited 6 months ended 30 September 2023 R'000	Unaudited 6 months ended 30 September 2022 R'000	Audited year ended 31 March 2023 R'000
Cash flows from operating activities		176 818	48 436	229 201
Cash generated from operations		337 137	176 880	468 335
Investment income		26 271	11 939	32 583
Finance cost		(10 504)	(7 598)	(16 469)
Taxation paid		(74 377)	(39 985)	(98 517)
Dividends paid		(101 709)	(92 800)	(156 731)
Cash flows from investing activities		(15 309)	(8 278)	(9 496)
Dividends received from associate		–	–	3 000
Loan to associate repaid		–	–	5 882
Acquisition of property, plant and equipment	3	(27 127)	(17 570)	(32 066)
Proceeds from sale of plant and equipment		6 970	9 292	13 435
Proceeds from insurance claims		4 848	–	253
Cash flows from financing activities		(48 879)	(64 766)	(119 324)
Funding repaid	3	(47 098)	(63 603)	(116 949)
Principal paid on lease liabilities		(1 781)	(1 163)	(2 375)
Increase/(Decrease) in cash and cash equivalents		112 630	(24 608)	100 381
Cash and cash equivalents				
At the beginning of the period		678 621	578 240	578 240
At the end of the period		791 251	553 632	678 621

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The results for the six months ended 30 September 2023 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 unaudited condensed consolidated interim financial statements are consistent with those applied by the Group in its consolidated annual financial statements for the year ended 31 March 2023. Details of the standards adopted 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 interim financial statements were prepared under the supervision of the chief financial officer, Mr. Mark Wilkin CA(SA) and have neither been audited nor independently reviewed by the Group's auditors.

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 Alpine Truck and Bus Proprietary Limited and Frontier Tyres Proprietary Limited, which constitute the sale of vehicles, aftermarket spare parts and tyres and tyre retreading services, fall below the threshold as set out in IFRS 8 and as such are not separately disclosed.

1. PROPERTY, PLANT AND EQUIPMENT

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

	Carrying Value at 31 March 2023 R'000s	Additions R'000s	Depreciation R'000s	Disposals R'000s	Impairments R'000s	Carrying Value at 30 September 2023 R'000s
Buses	1 155 391	86 530	(43 854)	(3 514)	(6 542)	1 188 011
Computer hardware, fare collection and radio equipment	42 704	4 905	(2 789)	–	(272)	44 548
Land and buildings and leasehold improvements	356 095	8 665	25	–	–	364 785
Motor vehicles	13 653	5 417	(2 253)	(182)	–	16 635
Plant and machinery	9 081	2 375	(201)	(935)	–	10 320
Furniture and fixtures	588	366	(150)	–	–	804
Total	1 577 512	108 258	(49 222)	(4 631)	(6 814)	1 625 103

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS (CONTINUED)

2. REVENUE

Group revenue for the year is made up as follows:

	Unaudited 6 months ended 30 September 2023 R'000	Unaudited 6 months ended 30 September 2022 R'000	Audited year ended 31 March 2023 R'000
Revenue from bus services			
<i>Revenue recognised over time</i>			
Operational contract carrying revenue risk	578 879	555 510	1 127 813
Operational contract with no revenue risk	80 858	80 809	160 378
Sale of multi-journey tickets	293 726	283 156	578 305
<i>Revenue recognised at a point in time</i>			
Sale of single journey tickets	173 503	167 846	353 827
Charter hire services	59 437	48 358	101 128
Total revenue from bus services	1 186 403	1 135 679	2 321 451
Revenue from goods sold			
<i>Revenue recognised at a point in time</i>			
Sale of vehicles	18 306	3 924	7 627
Sale of spares, tyres and retreads	25 392	16 778	35 107
	43 698	20 702	42 734
Revenue from automotive repair services			
<i>Revenue recognised at a point in time</i>			
Bus and vehicle repair and maintenance	2 630	3 228	7 365
Tyre repairs, retreading and related services	2 298	1 945	4 531
	4 928	5 173	11 896
Other revenue			
<i>Revenue recognised over time</i>	3 225	708	1 868
<i>Revenue recognised at a point in time</i>	9 062	5 023	15 892
	12 287	5 731	17 760
Total revenue	1 247 316	1 167 285	2 393 841

3. BORROWINGS ARISING FROM FINANCING ACTIVITIES

Movements in the carrying value of borrowings are as follows:

	Unaudited 30 September 2023 R'000	Unaudited 30 September 2022 R'000	Audited 31 March 2023 R'000
Carrying value at the beginning of the period	179 608	224 623	224 623
Cash-flows:			
Debt repayments	(47 098)	(63 603)	(116 949)
Interest paid	(10 264)	(7 473)	(15 972)
Non-cash:			
Raising of instalment sales obligations	81 134	15 334	71 934
Interest capitalised	10 264	7 473	15 972
Carrying value at the end of the period	213 644	176 354	179 608

R81.1m (September 2022: R15.3m, March 2023: R71.9m) of debt raised in the period relates to instalment sale obligations used to finance bus acquisitions, and therefore has not been included in the cash flow statement as a cash flow amount.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS (CONTINUED)

4. COMMITMENTS

	Unaudited 30 September 2023 R'000	Unaudited 30 September 2022 R'000	Audited 31 March 2023 R'000
Capital expenditure			
Property, plant and equipment authorised but not yet contracted	9 733	3 160	310 500
Property, plant and equipment authorised and contracted to be expended	201 904	177 878	113 238

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

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 R162.3m.

5. RELATED PARTY TRANSACTIONS

Related party transactions similar to those disclosed in the Group's 2023 annual financial statements took place for the period under review.

6. 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 interim 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

Independent non-executive directors

L Govender (lead independent director)

MF Magugu (appointed 1 October 2023)

RD Watson

NB Jappie (resigned 1 September 2023)

FRONTIER TRANSPORT HOLDINGS 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

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