



**FRONTIER**  
Transport Holdings

(Formerly Hosken Passenger Logistics and Rail Limited)

**UNAUDITED CONDENSED  
CONSOLIDATED INTERIM RESULTS**  
For the six months ended 30 September 2021

# COMMENTARY AND RESULTS

## OVERVIEW

With easing lockdown restrictions, the focus of the Group has been on balancing gradual passenger growth with efficient scheduling of buses and manpower, alongside the ongoing management of the lingering pandemic and addressing the scourge of robberies and sporadic service delivery interruptions.

Over the review period, the country has had to contend with the effects of a particularly devastating 3rd wave of the Covid-19 pandemic which prompted a return to level 4 lockdown restrictions.

A heartening feature has been the relatively high take-up of voluntary vaccinations, which since its availability for eligible individuals in February, has seen 75% of the Group's workforce being fully vaccinated.

Golden Arrow's passenger numbers over the reporting period were between 65 to 80% of pre-covid levels, except for a spike during July when daily totals exceeded the normal average by 10%. This was in the main due to a taxi strike which put significant strain on the public transport system resulting in an influx of passengers onto buses during the period of taxi unrest.

The operations team rose to the occasion and their efforts in response to the heightened passenger demand has seen the retention of some passengers who transitioned to buses during the taxi upheavals.

To counter the growing scourge of on-board robberies, a number of interventions have been undertaken which included the installation of panic buttons, on-board CCTV cameras and drop safes. In addition to this, a dedicated law enforcement unit is set to be deployed in conjunction with the City of Cape Town and Province to ensure safety on buses. These efforts have yielded successful results with recent arrests of what appears to be a syndicate of perpetrators.

In July, Golden Arrow officially started the testing of two fully electrically powered buses which have now been incorporated into Golden Arrow's day-to-day operations. This will provide insight into electricity usage under different conditions and other operational indicators associated with the currently used internal combustion engine. This is particularly significant in light of soaring fuel costs, of which the average price per litre increased by 18.4% relative to the equivalent period the previous year.

Sibanye Bus Services operated a constant 46 peak bus service over the reporting period which resulted in a steady return to pre-covid passenger numbers. The operational focus of Sibanye has been on the introduction of more off-peak services along the Atlantic seaboard.

Despite service adjustments commensurate with varying lockdown restrictions, Table Bay Area Rapid Transit posted a solid performance over the reporting period through strict adherence to contract specifications.

The effects of varying lockdown restrictions on the luxury coach market segment made recovery for ElJosa Travel and Tours extremely challenging. During the latter part of the reporting period, the school, charter and to a lesser extent, the tourism segments have showed signs of recovery.

As in the case of ElJosa, Shuttle Up's niche market segment was curtailed by lockdown restrictions. Staff transport in the hospitality sector and airport shuttles currently dominate the service offering and with the imminent revival of travel and leisure, optimistic prospects are envisioned for the company during the latter part of the financial year.

In May, the Group acquired a majority joint venture stake (51%) in Alpine Truck and Bus, a nationally based bus and truck retail entity. This business sells pre-owned buses and trucks and aftermarket spare parts for buses and trucks. It provides the Group a conduit to sell its retired buses and is intended to be a springboard to enter this market.

## REVIEW OF RESULTS

During this financial year, with the easing of lockdown restrictions and increase in mobility, the Group has seen a marked increase in passenger numbers and increased its operations accordingly. The prior comparative period reflected the largest impact from COVID-19 lockdowns.

The Group reflected an attributable profit of R111.8m, 64.0% higher than the comparative prior period (but 13.3% lower than the comparative 2019 period of R128.9m). Revenue is 35.3% higher than the comparative period and operating expenses are 34.4% higher, resulting in an EBITDA of R209.9m (34.9% higher than 2020). We caution shareholders that a similar increase in operating profit is not expected to be replicated in the second half of this financial year.

Due to the lower levels of debt and the reduction in bank lending rates, finance costs are 36.4% lower than the comparative prior period.

All major capital expenditure, including the fleet replacement programme, was largely on hold for the first half of the financial year resulting in a net reduction in debt of R80.2m from the 2021 financial year end. The fleet replacement programme is however scheduled to resume in the second half of FY2022.

## CHANGES IN DIRECTORATE

There were no 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 20 cents (gross) per Frontier share for the six months ended 30 September 2021 from income reserves (2020: 18 cents (gross)).

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

Announcement date	Thursday, 25 November 2021
Last day to trade cum dividend	Monday, 13 December 2021
Commence trading ex-dividend	Tuesday, 14 December 2021
Record date	Friday, 17 December 2021
Payment date	Monday, 20 December 2021

Share certificates may not be dematerialised or rematerialised between Tuesday, 14 December 2021 and Friday, 17 December 2021, 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 290 000 000.
- The DT amounts to 4.0 cents per share for the interim ordinary dividend.
- The net local dividend amount is 16.0 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*

25 November 2021



**ML Wilkin**  
*Chief financial officer*

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	Notes	Unaudited 30 September 2021 R'000	Unaudited 30 September 2020 R'000	Audited 31 March 2021 R'000
<b>ASSETS</b>				
<b>Non-current assets</b>		<b>1 667 703</b>	<b>1 756 973</b>	<b>1 713 767</b>
Property, plant and equipment	1	1 614 221	1 702 516	1 660 242
Right-of-use asset		25 263	25 328	25 295
Goodwill		27 298	27 298	27 298
Intangible assets		59	60	59
Investments in associate		367	1 276	378
Deferred taxation		495	495	495
<b>Current assets</b>		<b>640 405</b>	<b>573 156</b>	<b>588 632</b>
Inventories		25 783	20 069	18 890
Trade and other receivables		140 361	159 577	64 861
Taxation		5 678	3 314	7 100
Cash and cash equivalents		468 583	390 196	497 781
<b>Total assets</b>		<b>2 308 108</b>	<b>2 330 129</b>	<b>2 302 399</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>		<b>1 319 020</b>	<b>1 204 818</b>	<b>1 284 243</b>
Equity attributable to equity holders of the parent		1 330 015	1 209 714	1 292 472
Non-controlling interest		(10 995)	(4 896)	(8 229)
<b>Non-current liabilities</b>		<b>525 387</b>	<b>647 942</b>	<b>597 413</b>
Lease liability		-	23 752	22 738
Borrowings		3 113	19 602	9 351
Instalment sale obligations		149 546	261 713	199 988
Post-employment medical benefit liability		73 190	60 920	68 939
Deferred taxation		299 538	281 955	296 397
<b>Current liabilities</b>		<b>463 701</b>	<b>477 369</b>	<b>420 743</b>
Trade and other payables		198 739	183 441	173 401
Lease liability		23 330	897	1 139
Borrowings		16 466	21 907	19 498
Instalment sale obligations		115 404	148 381	135 858
Taxation		2 832	2 663	1 375
Provisions		106 930	120 080	89 472
<b>Total equity and liabilities</b>		<b>2 308 108</b>	<b>2 330 129</b>	<b>2 302 399</b>

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 September 2021

	Notes	Unaudited 6 months ended 30 September 2021 R'000	Unaudited 6 months ended 30 September 2020 R'000	Audited year ended 31 March 2021 R'000
Revenue	2	1 013 538	749 254	1 641 025
Other income		2 712	6 153	16 070
Operating expenses		(806 311)	(599 843)	(1 271 759)
<b>Operating profit (EBITDA)</b>		<b>209 939</b>	<b>155 564</b>	<b>385 336</b>
Depreciation and amortisation		(46 097)	(46 445)	(92 189)
Investment income		7 006	7 126	13 413
Loss from equity accounted investment		(11)	(82)	(479)
Finance costs		(11 235)	(17 675)	(30 108)
<b>Profit before taxation</b>		<b>159 602</b>	<b>98 488</b>	<b>275 973</b>
Taxation		(50 551)	(33 059)	(77 240)
<b>Profit for the period</b>		<b>109 051</b>	<b>65 429</b>	<b>198 733</b>
<b>Profit attributable to:</b>				
Equity holders of the parent		111 817	68 162	204 799
Non-controlling interest		(2 766)	(2 733)	(6 066)
		<b>109 051</b>	<b>65 429</b>	<b>198 733</b>
<b>Earning per share (cents)</b>				
Basic		38.56	23.50	70.62
Diluted		38.49	23.50	70.62

## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the six months ended 30 September 2021

	Unaudited 6 months ended 30 September 2021 R'000	Unaudited 6 months ended 30 September 2020 R'000	Audited year ended 31 March 2021 R'000
Profit for the period	109 051	65 429	198 733
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Actuarial losses on defined benefit plan	-	-	(10 704)
Taxation relating to actuarial losses on defined benefit plan	-	-	2 997
<b>Total comprehensive income for the period</b>	<b>109 051</b>	<b>65 429</b>	<b>191 026</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the parent	111 817	68 162	197 092
Non-controlling interest	(2 766)	(2 733)	(6 066)
	<b>109 051</b>	<b>65 429</b>	<b>191 026</b>

## RECONCILIATION OF HEADLINE EARNINGS

For the six months ended 30 September 2021

	Unaudited 6 months ended 30 September 2021 R'000		Unaudited 6 months ended 30 September 2020 R'000		Audited year ended 31 March 2021 R'000	
Reconciliation of headline earnings	Gross	Net	Gross	Net	Gross	Net
Earnings attributable to equity holders of the parent		111 817		68 162		204 799
Profit on disposal of plant and equipment	(360)	(259)	(2 412)	(1 737)	(4 077)	(2 935)
Impairment of plant and equipment	2 493	1 795	4 790	3 449	10 262	7 389
Insurance claim for capital assets	(917)	(660)	(3 758)	(2 706)	(8 656)	(6 232)
<b>Headline earnings</b>		<b>112 693</b>		<b>67 168</b>		<b>203 021</b>
Earnings per share (cents)						
Basic		38.56		23.50		70.62
Diluted		38.49		23.50		70.62
Headline earnings per share (cents)						
Basic		38.86		23.16		70.01
Diluted		38.79		23.16		70.01
Weighted average number of shares in issue ('000)						
Basic		290 000		290 000		290 000
Diluted		290 512		290 000		290 000
Actual number of shares in issue ('000)		290 000		290 000		290 000

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2021

	Unaudited 6 months ended 30 September 2021 R'000	Unaudited 6 months ended 30 September 2020 R'000	Audited year ended 31 March 2021 R'000
Balance at the beginning of the period	1 284 243	1 226 588	1 226 588
Total comprehensive income	109 051	65 429	191 026
Equity settled share-based payments	1 126	2 701	8 729
Dividends	(75 400)	(89 900)	(142 100)
<b>Balance at the end of the period</b>	<b>1 319 020</b>	<b>1 204 818</b>	<b>1 284 243</b>



## CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2021

	Notes	Unaudited 6 months ended 30 September 2021 R'000	Unaudited 6 months ended 30 September 2020 R'000	Audited year ended 31 March 2021 R'000
<b>Cash flows from operating activities</b>		<b>53 692</b>	<b>(14 329)</b>	<b>186 993</b>
Cash generated from operations		177 852	109 112	400 946
Investment income		7 006	7 126	13 413
Finance cost		(11 235)	(17 325)	(30 108)
Taxation paid		(44 531)	(23 342)	(55 158)
Dividends paid		(75 400)	(89 900)	(142 100)
<b>Cash flows from investing activities</b>		<b>279</b>	<b>3 394</b>	<b>2 262</b>
Dividends received		-	2 000	2 500
Acquisition of property, plant and equipment		(3 101)	(1 758)	(6 953)
Proceeds from sale of plant and equipment		3 380	3 152	6 715
<b>Cash flows from financing activities</b>		<b>(83 169)</b>	<b>(88 492)</b>	<b>(181 097)</b>
Funding raised	3	-	5 000	5 000
Funding repaid	3	(82 622)	(93 492)	(186 010)
Principal paid on lease liabilities		(547)	-	(87)
(Decrease)/Increase in cash and cash equivalents		(29 198)	(99 427)	8 158
<b>Cash and cash equivalents</b>				
At the beginning of the period		497 781	489 623	489 623
At the end of the period		468 583	390 196	497 781

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS

## BASIS OF PREPARATION AND ACCOUNTING POLICIES

The results for the six months ended 30 September 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the disclosure requirements of IAS 34 – Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, 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 2021. 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 1/2019 – 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.

## 1. PROPERTY, PLANT AND EQUIPMENT

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

	Carrying Value at 31 March 2021 R'000	Additions R'000	Depreciation R'000	Disposals R'000	Impairments R'000	Carrying Value at 30 September 2021 R'000
Buses	1 256 254	2 508	(41 095)	(2 961)	(2 307)	1 212 399
Computer hardware, fare collection and radio equipment	54 530	575	(3 318)	(7)	(186)	51 594
Land and buildings and leasehold improvements	342 991	156	(25)	-	-	343 122
Motor vehicles	4 219	1 970	(868)	(52)	-	5 269
Plant and machinery	1 596	124	(636)	-	-	1 084
Furniture and fixtures	652	224	(123)	-	-	753
<b>Total</b>	<b>1 660 242</b>	<b>5 557</b>	<b>(46 065)</b>	<b>(3 020)</b>	<b>(2 493)</b>	<b>1 614 221</b>

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS (continued)

### 2. REVENUE

Group revenue for the period is made up as follows:

	Unaudited 6 months ended 30 September 2021 R'000	Unaudited 6 months ended 30 September 2020 R'000	Audited year ended 31 March 2021 R'000
<b>Revenue from bus services</b>			
<i>Revenue recognised over time</i>			
Operational contract carrying revenue risk	568 510	527 817	1 073 596
Operational contract with no revenue risk	69 642	63 201	130 399
Sale of multi-journey tickets	202 074	102 711	273 199
<i>Revenue recognised at a point in time</i>			
Sale of single journey tickets	138 879	50 368	149 277
Charter hire services	9 142	3 842	9 547
<b>Total revenue from bus services</b>	<b>988 247</b>	<b>747 939</b>	<b>1 636 018</b>
<b>Revenue from goods sold</b>			
<i>Revenue recognised at a point in time</i>			
Sale of spare parts, pre-owned buses and trucks	20 435	–	–
<b>Revenue from automotive repair services</b>			
<i>Revenue recognised at a point in time</i>			
Bus and vehicle repair and maintenance	177	134	174
<b>Other revenue</b>			
<i>Revenue recognised over time</i>	1 800	348	1 480
<i>Revenue recognised at a point in time</i>	2 879	833	3 353
	<b>4 679</b>	<b>1 181</b>	<b>4 833</b>
<b>Total revenue</b>	<b>1 013 538</b>	<b>749 254</b>	<b>1 641 025</b>

### 3. BORROWINGS ARISING FROM FINANCING ACTIVITIES

Movements in the carrying value of borrowings are as follows:

	Unaudited 30 September 2021 R'000	Unaudited 30 September 2020 R'000	Audited 31 March 2021 R'000
Carrying value at the beginning of the period	364 695	517 530	517 530
Cash-flows:			
Raising of new debt	–	5 000	5 000
Debt repayments	(82 622)	(93 492)	(186 010)
Non-cash:			
Raising of instalment sales obligations	2 456	22 565	28 175
<b>Carrying value at the end of the period</b>	<b>284 529</b>	<b>451 603</b>	<b>364 695</b>

R2.5m (September 2020: R22.5m, March 2021: R28.2m) of debt raised in the period relates 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.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM RESULTS (continued)

### 4. COMMITMENTS

	Unaudited 30 September 2021 R'000	Unaudited 30 September 2020 R'000	Audited 31 March 2021 R'000
Capital expenditure			
Property, plant and equipment authorised but not yet contracted	–	3 720	–
Property, plant and equipment authorised and contracted to be expended	40 791	7 021	4 600

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

### 5. RELATED PARTY TRANSACTIONS

Related party transactions similar to those disclosed in the Group's 2021 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

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## Directors

### *Executive directors*

FE Meyer (chief executive officer)

ML Wilkin (chief financial officer)

### *Non-executive directors*

Y Shaik (chairperson)

TG Govender

### *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](http://www.frontiertransport.co.za)

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