



HPL&R
Hosken Passenger Logistics & Rail

2021 REVIEWED PROVISIONAL
CONDENSED CONSOLIDATED RESULTS
For the year ended 31 March 2021

COMMENTARY AND RESULTS

OVERVIEW

The past year will be remembered for the impact that COVID-19 had on people's lives and business' fortunes. While COVID restrictions curtailed movement it brought flexibility, ranging from working from home to working more flexible hours at the office. This fundamentally shaped the performance of the Group over the reporting period.

The consequence of lockdown patently manifested in a significant drop in passenger volumes of the Group's principal subsidiary Golden Arrow Bus Services Proprietary Limited (GABS). This triggered a commensurate reduction of the fleet, downsizing of manpower and the implementation of short-time schedules to optimally align demand with supply to contain operational expenses. Management temporarily suspended long term operational strategies and adopted problem-solving approaches to deal with the unpredictability ushered in by lockdown.

The changing travel patterns of passengers brought opportunities as more passengers moved to travelling in the off-peak which resulted in better asset utilisation and cost savings.

During the reporting period, a dramatic increase in armed robberies aimed at buses and its passengers was experienced. After a series of high-level meetings, the Authorities agreed to install cameras on buses and deploy a dedicated public transport police force. Additionally, GABS have begun to install drop-safes in buses for drivers' takings.

With municipal elections on the horizon, a rise in public protests ensued and 13 buses were lost due to arson. Operational staff levels were reinforced to keep buses and passengers out of harm's way.

Over the review period GABS negotiated the use of two electric buses from a leading international manufacturer, for testing during the current year. This provides an opportune base for the testing and commissioning of electric buses and the results will afford an empirical basis for the comparison of running costs vis-à-vis diesel powered buses.

Innovative scheduling of buses and optimum allocation of manpower as passenger volumes stabilise to pre-COVID levels are the focus in operations whilst the application of appropriate new age technologies is imbedded in the strategic blueprint of the engineering and support services.

Sibanye Bus Services Proprietary Limited and Table Bay Area Rapid Transit Proprietary Limited (100% held subsidiaries) were largely unaffected by lockdown and were able to post credible results over the review period. However, Eljosa Travel and Tours Proprietary Limited (76% held subsidiary) was hardest hit by lockdown as its core customer market is incoming tour groups and operating school charter services. This company focused on cost containment during the lockdown period. Management's aim is to position this company to pick up market share in the international tour market once international lockdown restrictions ease.

During the ensuing financial year, the Group will continue to explore ways to optimise operations within the confines of a lingering pandemic.

REVIEW OF RESULTS

Reduced passenger numbers, because of COVID-19 lockdowns and the restriction on passenger mobility, resulted in a 19.9% decrease in revenue from FY2020. The resultant contraction in operations over the year coupled with various cost saving initiatives gave rise to a 19.4% savings in operating expenses from the prior year. Resulting in operating profit (EBITDA) for the period of R385.3 million (21.1% lower than FY2020 of R488.6 million).

Attributable Group profit for the year is reflected at R204.8 million (21.5% lower than FY2020 of 261.0 million) and Headline earnings at R203.0 million (18.9% lower than FY2020 of R250.5 million).

The Group put all major capital expenditure, including its fleet replacement program on hold for FY2021 which resulted in a net reduction in debt of R152.8 million from 31 March 2020.

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 a final ordinary dividend of 26 cents (gross) per HPLR share for the year ended 31 March 2021 from income reserves (2020: 31 cents (gross)).

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

Announcement date	Thursday, 27 May 2021
Last day to trade cum dividend	Monday, 14 June 2021
Commence trading ex-dividend	Tuesday, 15 June 2021
Record date	Friday, 18 June 2021
Payment date	Monday, 21 June 2021

Share certificates may not be dematerialised or rematerialised between Tuesday, 15 June 2021 and Friday, 18 June 2021, 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 5.2 cents per share for the final ordinary dividend.
- The net local dividend amount is 20.8 cents per share for the final ordinary dividend for all shareholders who are not exempt from DT.
- HPLR'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

27 May 2021



ML Wilkin
Chief Financial Officer

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Notes	Reviewed 2021 R'000	Audited 2020 R'000
ASSETS			
<i>Non-current assets</i>		1 713 767	1 786 707
Property, plant and equipment	1	1 660 242	1 730 134
Right-of-use asset		25 295	25 360
Goodwill		27 298	27 298
Intangible assets		59	62
Investment in associate		378	3 358
Deferred taxation		495	495
<i>Current assets</i>		588 632	576 927
Inventories		18 890	19 541
Trade and other receivables		64 861	60 826
Taxation		7 100	6 937
Cash and cash equivalents		497 781	489 623
Total assets		2 302 399	2 363 634
EQUITY AND LIABILITIES			
<i>Equity</i>		1 284 243	1 226 588
Equity attributable to equity holders of the parent		1 292 472	1 228 751
Non-controlling interest		(8 229)	(2 163)
<i>Non-current liabilities</i>		597 413	695 780
Borrowings		9 351	25 700
Instalment sale obligations		199 988	314 200
Lease liability		22 738	23 549
Post-employment medical benefit liability		68 939	55 835
Deferred taxation		296 397	276 496
<i>Current liabilities</i>		420 743	441 266
Trade and other payables		174 540	166 539
Borrowings		19 498	22 603
Instalment sale obligations		135 858	155 027
Taxation		1 375	2 028
Provisions		89 472	95 069
Total equity and liabilities		2 302 399	2 363 634

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2021

		Reviewed 2021 R'000	Audited 2020 R'000
	Notes		
Revenue	3	1 641 025	2 048 402
Other income		16 070	18 827
Operating expenses		(1 271 759)	(1 578 572)
Operating profit (EBITDA)		385 336	488 657
Depreciation and amortisation		(92 189)	(93 411)
Investment income		13 413	25 774
(Loss)/Profit from equity accounted investment		(479)	436
Fair value adjustment on associate on change of control		—	9 163
Finance costs		(30 108)	(50 312)
Profit before taxation		275 973	380 307
Taxation		(77 240)	(117 397)
Profit for the year		198 733	262 910
Profit attributable to:			
Equity holders of the parent		204 799	261 042
Non-controlling interest		(6 066)	1 868
		198 733	262 910
Earnings per share (cents)			
Basic and diluted		70.62	90.01

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Reviewed 2021 R'000	Audited 2020 R'000
Profit for the year	198 733	262 910
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss</i>		
Actuarial (losses)/gains on defined benefit plans	(10 704)	12 709
Taxation relating to actuarial (losses)/gains on defined benefit plans	2 997	(3 559)
Total comprehensive income for the year	191 026	272 060
Total comprehensive income attributable to:		
Equity holders of the parent	197 092	270 192
Non-controlling interest	(6 066)	1 868
	191 026	272 060

RECONCILIATION OF HEADLINE EARNINGS

For the year ended 31 March 2021

	Reviewed 2021 R'000		Audited 2020 R'000	
	Gross	Net	Gross	Net
Reconciliation of headline earnings				
Earnings attributable to equity holders of the parent		204 799		261 042
Profit on disposal of plant and equipment	(4 077)	(2 935)	(11 568)	(8 329)
Impairment of plant and equipment	10 262	7 389	13 151	9 469
Insurance claim for capital assets	(8 656)	(6 232)	(6 287)	(4 527)
Fair value adjustment on associate on change of control	—	—	(9 163)	(7 110)
Headline earnings		203 021		250 545
Earnings per share (cents)				
Basic and diluted		70.62		90.01
Headline earnings per share (cents)				
Basic and diluted		70.01		86.39
Weighted average number of shares in issue ('000)				
Basic and diluted		290 000		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 2021

	Reviewed 2021 R'000	Audited 2020 R'000
Balance at the beginning of the year	1 226 588	1 158 995
Total comprehensive income	191 026	272 060
Equity settled share-based payments	8 729	4 876
Acquisition of subsidiaries (non-controlling interest portion)	–	17 520
Effects of changes in shareholding	–	(105 063)
Dividends	(142 100)	(121 800)
Balance at the end of the year	1 284 243	1 226 588

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Notes	Reviewed 2021 R'000	Audited 2020 R'000
Cash flows from operating activities		186 993	276 403
Cash generated from operations		400 946	509 101
Investment income		13 413	25 774
Finance cost		(30 108)	(50 312)
Taxation paid		(55 158)	(86 360)
Dividends paid		(142 100)	(121 800)
Cash flows from investing activities		2 262	(9 584)
Dividends received		2 500	2 000
Business combinations		–	13 056
Acquisition of property, plant and equipment	4	(6 953)	(38 587)
Acquisition of intangible assets		–	(5)
Proceeds from sale of plant and equipment		6 715	13 952
Cash flows from financing activities		(181 097)	(298 153)
Funding raised	4	5 000	–
Funding repaid	4	(186 010)	(192 487)
Principal paid on lease liabilities		(87)	(603)
Transactions with non-controlling shareholders		–	(105 063)
Increase/(Decrease) in cash and cash equivalents		8 158	(31 334)
Cash and cash equivalents			
At the beginning of the year		489 623	520 957
At the end of the year		497 781	489 623

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 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 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 2020. 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 1/2019 – 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 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.

REVIEW OF THE INDEPENDENT AUDITOR

The provisional condensed consolidated financial statements for the year ended 31 March 2021 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 2020 R'000	Additions R'000	Depreciation R'000	Disposals R'000	Impairments R'000	Carrying Value at 31 March 2021 R'000
Buses	1 322 052	28 536	(82 002)	(2 624)	(9 708)	1 256 254
Computer hardware, fare collection and radio equipment	60 091	1 584	(6 591)	–	(554)	54 530
Land and buildings and leasehold improvements	339 216	3 825	(50)	–	–	342 991
Motor vehicles	5 153	925	(1 846)	(13)	–	4 219
Plant and machinery	2 778	229	(1 411)	–	–	1 596
Furniture and fixtures	844	29	(221)	–	–	652
Total	1 730 134	35 128	(92 121)	(2 637)	(10 262)	1 660 242

The Group acquired ten commuter buses totalling R23.1 million and two luxury coaches totalling R5.4 million which were committed prior to lockdown (2020: acquired 72 commuter buses totalling R159.2 million and six luxury coaches totalling R20.9 million).

The impairment of buses with a net book value of R9.7 million (2020: R12.5 million) relates to the destruction of 13 Golden Arrow buses (2020: 11 Golden Arrow buses and one Eljosa bus), of which R8.7 million is receivable from insurance proceeds (2020: R6.3 million).

2. CHANGE IN ACCOUNTING ESTIMATE OF RESIDUAL VALUES

In line with the Group's accounting policies, management reassessed the residual values of buses during the year, revising the residual value of commuter buses at the end of their useful life from R200 000 to R250 000. The net effect of the changes in the current period was a decrease in depreciation of R6.3 million.

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

3. REVENUE

Group revenue for the year is made up as follows:

	Reviewed 2021 R'000	Audited 2020 R'000
Revenue from bus services provided		
<i>Revenue recognised over time</i>		
Operational contract carrying revenue risk	1 073 596	1 006 182
Operational contract with no revenue risk	130 399	136 433
Sale of multi-journey tickets	273 199	545 728
<i>Revenue recognised at a point in time</i>		
Sale of single journey tickets	149 277	263 244
Charter hire services	9 547	84 562
Total revenue from bus services	1 636 018	2 036 149
Revenue from automotive repair services		
<i>Revenue recognised at a point in time</i>		
Bus and vehicle repair and maintenance	174	1 332
Other revenue		
<i>Revenue recognised over time</i>	1 480	3 649
<i>Revenue recognised at a point in time</i>	3 353	7 272
	4 833	10 921
Total revenue	1 641 025	2 048 402

4. BORROWINGS ARISING FROM FINANCING ACTIVITIES

Movements in the carrying value of borrowings are as follows:

	Reviewed 2021 R'000	Audited 2020 R'000
Carrying value at the beginning of the year	517 530	508 083
Cash-flows:		
Raising of new debt (term loan)	5 000	–
Debt repayments	(186 010)	(192 487)
Non-cash:		
Raising of instalment sales obligations	28 175	160 272
Arising on business combination	–	41 662
	364 695	517 530

R28.2 million (2020: R160.2 million) 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 REVIEWED PROVISIONAL CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. COMMITMENTS

	Reviewed 2021 R'000	Audited 2020 R'000
Capital expenditure		
Property, plant and equipment authorised but not yet contracted	–	7 521
Property, plant and equipment authorised and contracted to be expended	4 600	109 008

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

6. RELATED PARTY TRANSACTIONS

Related party transactions similar to those disclosed in the Group's 2020 annual financial statements took place for the year ended 31 March 2021 and will be disclosed in the Group's annual financial statements for the year ended 31 March 2021.

7. 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

Independent non-executive directors

L Govender (lead independent director)

NB Jappie

RD Watson

HOSKEN PASSENGER LOGISTICS AND RAIL LIMITED

("HPLR" or "the Company" or "the Group")

Incorporated in the Republic of South Africa

Registration number: 2015/250356/06

JSE share code: HPR

ISIN: ZAE000255907

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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