



CHOBE HOLDINGS LIMITED
"the Company", "the Group", "We" and "Chobe"
Incorporated in the Republic of Botswana (UIN: BW00001487283)

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BUSINESS UPDATE

Chobe, in line with international travel trends, has seen increased demand for luxury travel experiences, with flexible work practices driving off season demand, general lead times returning to pre-COVID-19 lengths, an increased demand for short lead-time travel and a significant recovery from online tour operators.

Whilst occupancy is an important measure of performance, Chobe is internally increasingly moving to strategically targeting increases in Revenue per Available Room ("RevPAR"). Strong demand in the 2324 financial year has led to materially higher achieved occupancies and, with already very limited availability during peak months, we expect occupancy growth in off season travel to result in an increased RevPAR. Occupancies have normalized faster than expected post-COVID-19 and we believe that the strong demand experienced this financial year will be repeated during the next. Projects in the pipeline will also increase available inventory.

Conflict in Europe and the Middle East has not had a discernible impact on forward reservations and thus forecast revenue, however the inflationary effect of uncertainty and pressure on the supplies of fuel and essential foodstuff has increased our costs. Chobe's operations have faced further challenges from the significant delays and uncertainties in international supply chains. Wider conflict remains a risk.

Reporting

Chobe's reporting currency is the Botswana Pula and revenue is converted to Botswana Pula in accordance with the relevant International Financial Reporting Standards. We will continue to report on the occupancies achieved by our core eco-tourism properties but will not report on RevPAR and average bed night prices as we are of the view that the cost of public disclosure outweigh the benefits.

Returns

At Chobe we continue to upgrade our asset base to ensure that our product offering remains competitive in the market. As we do so, the quality of our product offering is enhanced, and we see an increase in our RevPAR through a combination of both higher occupancies and better achieved rates. To support this a comprehensive capital expenditure plan for the 2025 financial year is being finalised for Board approval. Chobe will continue to invest in its core businesses, both through acquisition and continued enhancements of its existing assets.

The comprehensive Savute Safari Lodge rebuild is currently underway at a budgeted cost of BWP 32 Mn. While the Savute rebuild project will have a negative short-term impact on profitability, due to loss of available beds through the closure period, we see this project as having a highly positive impact on the profitability of Desert & Delta Safaris business in the long-term.

The purchase of a Cessna 208EX Caravan was completed during the reporting period at a cost of BWP 27.6 Mn with that purchase, the purchase of additional new aircraft engines, camp and lodge refurbishments, the Shinde Footsteps rebuild, new Xakanaxa solar plant and Kanana solar enhancements making up the Property Plant and Equipment additions of circa BWP 65 Mn reported as of the half year.

Before making an investment decision, Chobe carefully considers all available funding options including debt to which the Group is not averse.

The dividend policy remains that Chobe will, as a guide, pay a dividend that is at least twice covered by attributable fully taxed earnings subject to the prudent ongoing requirements of the Group. Advanced Travel Receipts should be segmented and not paid as dividends.

Travel Value Chain

Revenue growth across the Group has been driven by our marketing strategies which look to continue to drive increases in RevPAR in the coming years.

Tour operators play an important role within the tourism value chain and Chobe has built strong partnerships over the past 40 years through valuing this contribution. Chobe provides rates to tour operators which are equitable and acknowledge the value of the services they provide by promoting our product internationally and administering reservations on the client side.

Our guests continue to be primarily drawn from the United States and Europe, however significant marketing effort is being placed on developing new markets across the globe.

Inflation and Cost Base

Inflationary pressure has been felt by the Group on all consumables, repairs and maintenance especially within the aviation segment together with inflationary adjustments made to group employee remunerations and recruitment to strengthen middle management has resulted in an increased operational cost base. With a view of ensuring that the Group's employees are paid an industry leading and competitive remuneration package, management together with external experts have embarked on a remuneration survey and a salary banding exercise.

Aviation

The COVID-19 pandemic had a significant impact on Botswana's air operators with a number of smaller players forced to cease trading and larger players deferring the reintroduction of aircraft due to low passenger volumes. Safari Air with a mixed fleet of GA8 Airvans and C208 and C208B Caravans was well positioned to benefit from the increasing demand for air travel within northern Botswana.

Our aviation businesses continue to struggle with supply line constraints due to business disruptions caused by the pandemic. These disruptions are deep seated with significant manufacturing constraints being experienced in the industry.

Domestic Travel

With the reopening of international borders post the COVID-19 pandemic we have seen a reduction in local travel demand as travellers choose both regional and international alternatives. Residents of Botswana have several regional alternatives to our product. Chobe will however continue to encourage local travel through targeted campaigns.

Chobe Holdings Limited
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