

THE 4Cs AT A GLANCE

C	COMMERCE	TREND	INFO
	Bednight sales	↑	Up 5% to 190 000
	Source currency turnovers	↑	BWP up 50%
		↑	USD up 14%
		↑	ZAR up 10%
		↓	NAD down 10%
		Reporting currency turnover	↑
	Gross profit	↓	Down 1.1% to 43.3%
	EBITDA	↔	BWP78 million
	Effective tax rate	↓	Up to 49% from 17%
	Profit after tax	↓	Down from BWP92.1 million to BWP8.1 million
	Cash generated from operations	↑	Up from BWP46 million to BWP67 million
	Cash reserves	↑	Up to BWP157.5 million
	Dividend declared	↔	BWP20 million
	Capital expenditures during the year	↑	BWP67 million (2011: BWP57 million)
	Capital expenditures authorised for FY 2013	↑	BWP102 million

C	COMMUNITY	TREND	INFO
	Payments to community partners and joint ventures	↔	BWP8.5 million
	Spend on infrastructure for social benefit	↔	BWP2.6 million
	Children through CITW camps	↔	537 children
	Donations raised and administered to communities	↔	BWP3.1 million
	Persons employed	↑	2 847 employees
	Notional training by staff	↑	27 500 hours
	Employees tested for HIV/AIDS	↔	525 employees
	Workplace injuries	↓	26 injuries

C	CONSERVATION	TREND	INFO
	Conservation footprint	↑	Up to 3.2 million ha
	Biodiversity footprint	↑	Inclusion of a ninth biome
		↑	Inclusion of a fifth Centre of Endemism
		↑	Five Critically Endangered species
	IUCN Red List species in our conservation footprint	↑	Seven Endangered species
		↑	Twenty six Vulnerable species
		↑	Spend on conservation
	Invested in renewable energy technologies	↑	BWP9.3 million
	CO ₂ emissions per bednight	↑	Down to 0.09 tonnes
	Carbon emissions	↔	17 412 tonnes CO ₂
	Water consumption	↔	217 000m ³
	Solid waste	↔	875 tonnes
	Marketing materials printed	↔	4.1 million pages

C	CULTURE	TREND	INFO
	Ethnic groups represented in our workforce	↑	27 groups
	Cultural activities included in guest experience	↑	37 activities
	Service culture and guest experience	↔	76% exceeded expectations
		↔	91% rating from TripAdvisor

KEY

- ↑ – A positive impact showing a positive trend against the prior year OR a negative impact decreasing.
- ↓ – A negative impact showing a negative trend against the prior year OR a positive impact decreasing.
- ↔ – Stable or else trend information is inconsistent. Green indicates an inherently positive impact, red an inherently negative impact.

The Wilderness 4Cs World...

“an idealised example from the desert biome”



- Wilderness Air is an integral part of the commercial camp operations, linking guests between arrival points and our various camps.
- Guest activities, ranging from hot air ballooning to game drives and a myriad others, are an important part of our commercial ecotourism offering.



- Biodiversity conservation – black rhino, as a Critically Endangered species on the IUCN Red List are a priority focus for our conservation efforts.
- Environmental management systems – rainwater collection and renewable energy projects are an important part of mitigating our environmental footprint.



- External – our rural community neighbours are our partners and stakeholders in many instances, such as this example in the Torra Conservancy.
- Internal – our staff are our internal community and our camp staff comprise more than 85% of all employees.



- We believe that culture is an important part of every travel experience and endeavour to respectfully expose our guests to traditional activities, communities, food, music and dance wherever possible.

CHAIRMAN'S REPORT



The global economic problems continue to affect almost every aspect of our business, most markedly in the impact on pricing, yield and levels of occupancy. At the same time, costs in local terms experienced upward pressure. Government and community financial and employment expectations increased.

These conditions have made managing a tourism enterprise testing for all our leadership.

Travel is a discretionary spend and in these difficult times such spending is carefully considered. For the international leisure travel industry, maintaining market share in a declining market has created immense pressures. Wilderness has had to compete in this environment and this has tested all of our value-to-customer and guest propositions.



Wilderness' value proposition is a simple one: that our wild places represent an opportunity for people from all over the world to see for themselves what a wonderful continent Africa is. We hope that, by extension, they will see our planet in new ways. This simple idea remains at the core of Wilderness' philosophy. Over the years, our offering has varied depending on the needs of our agents and guests. At all times we have strived to offer an authentic service and experience; the core of our business is a brand loyalty from our partners in the travel trade and from our guests. More than half of our annual bednights sold are repeats or referrals. This represents a high level of endorsement, which makes us confident that our journeys change people's lives and that, through these difficult times, our products and offerings are relevant to the market.

The economic climate continued to be difficult throughout the reporting period, characterised by currency volatility and particularly difficult economic conditions in our source markets of the USA and Europe. Difficult conditions in these markets resulted in our

inability to increase yield at the same rate as our costs. Particularly, the strength of the Rand and Pula combined with relatively high inflationary demands made control over costs difficult. We made a conscious decision to encourage our regular guests and agents to support us by offering them attractive financial incentives. The outcome was successful, with extremely satisfactory levels of occupancy in the high season, although those of the shoulder and green seasons remained areas of concern. Results presented in this integrated report reflect how we have weathered these difficult circumstances.

What is also satisfactory is that, in spite of the difficult circumstances, the Group remained cash positive. We were able to pay a reasonable dividend and maintain our maintenance capital expenditure programme at acceptable levels. Shareholders will also be interested to note that we have invested more than BWP9.3 million in solar water and power systems. These "green" investments will yield a return well above our targeted levels.

We anticipate that these difficult trading conditions will persist, and in such an environment, the value proposition to our guests requires high levels of service at prices that are difficult for the business.

The only new camps we are engaged with are through the Wilderness Collection in the Republic of Congo and Kenya.

While North and parts of West Africa experienced a large degree of political turmoil over the reporting period and the so-called "Arab Spring", the continent outside of this was relatively stable (discounting the Kenya-Somalia border). However, it would be wrong not to take seriously the challenges that sub-Saharan Africa faces. Many of the issues that gave rise to the "Arab Spring" are also present in southern and sub-Saharan Africa; in particular the lack of grassroots political support for certain policies and the very high levels of youth unemployment (in spite of better education). Political stability is an important operating requirement for our industry and the circumstances in Botswana, Namibia, Zambia,

CASH RESERVES
UP TO
BWP157.5
million

BIODIVERSITY
FOOTPRINT INCLUSION
OF
ninth biome
and fifth centre
of endemism

BWP9.3
million
INVESTMENT
IN SOLAR POWER



The development of two camps in Odzala-Kokoua National Park in Congo affords the opportunity to see habituated western lowland gorillas.

South Africa and Seychelles remain stable. There are further encouraging signs in other areas of operation, most recently in Malawi, but also, that the government of national unity in Zimbabwe will, in spite of difficulties, lay the foundation for political stability.

THE 4Cs

As noted last year, the 4Cs framework of Commerce, Community, Conservation and Culture is a key building block for the Group's future success. In the current context, the Commerce C has been uppermost in the minds of both management and the board. We remain convinced, however, that an integrated approach with a proper balance between the Commerce C and the other three is an opportunity for the Group to differentiate our service and value offerings to our customers. We are convinced that, by driving this platform through the business, we will be able to extend and improve our service levels and offering. The opportunity will set us apart from our competitors and ensure that we build on our potential.

In this climate, the board and management have been vigorously focused on ensuring that all our staff meet the expectations of our guests and agents.

CONCLUSION

The Group has persevered in focusing on building long-term value for our shareholders and has used the difficult trading conditions of the past year to emerge stronger than ever. In the current climate, this focus will continue.

I would like to acknowledge our board of directors who have helped guide Wilderness through its second year as a listed company, in ways that have allowed us to meet the challenges of the present economic climate with success.

Wilderness has built its business on loyalty. This loyalty is a result of consistency in approach and offering an outstanding experience. One of the challenges for us has been how the advent of online and

internet booking offerings has changed the value proposition for the trade. This has challenged the way in which service is given and the way in particular it is priced. This web capability has no geographic or commercial boundaries. In order to adapt to this challenge, Wilderness will be examining ways of simplifying our offering but at the same time endeavouring to recognise the loyalty that has served us well; in particular where it is associated with an endorsement of the same values that we stand for.

CHIEF EXECUTIVE OFFICER'S REPORT



ANDREW PAYNE

Chief Executive Officer



There is not much more to say on the continued challenges in the economic environment, other than that we have accepted that this climate is likely to remain for the foreseeable future. However, we do believe that discerning travellers will continue to travel to Wilderness destinations and grow in numbers as long as the quality and relevance of our offering exceeds their expectations. This is illustrated by the actual performance in the year just ended, which shows that we have now returned to pre-recession occupancy levels in some of our core products. It is probably true to say that, if we were to have near-100% satisfied guests, we would probably have few extra beds to sell outside of the low season. Therefore, our challenge continues to be the maintenance and improvement of service levels in our remote locations.

HIGHLIGHTS OF THE YEAR INCLUDE:

COMMERCIAL

- Achieved real growth in both bednight sales and source currency revenue, reflected in a 12% increase in turnover
- EBITDA maintained at prior year levels
- 46% increase in cash generated by operations, protecting the current levels of short-term cash in the business
- Capital expenditure of BWP65 million, largely directed at defending current earnings levels
- Our 2011 Integrated Report was voted the best by a newcomer on the JSE and, post year-end, CorporateRegister.com recognised the report as the fifth best, alongside large international corporations.

CONSERVATION

- Operational footprint now includes a ninth biome (Tropical Rainforest). This new programme is due to open in August 2012 and will increase our footprint under influence to 3.1 million hectares
- Invested BWP9.3 million into solar farms at Mombo and Xigera. These programmes will lower carbon footprint in the camps by 5% and will have a material impact of reducing operating overheads
- The business and the Wilderness Trust invested a total of approximately BWP4.7 million into more than 90 research and conservation projects.

COMMUNITY



- Overall guest response, as measured by TripAdvisor, is improving quarter-on-quarter
- 2012 finalist in the "Global Business Category" of the World Travel and Tourism Council (WTTC) Tourism for Tomorrow Awards
- The launch of the Wilderness Business School, hosted by Professor Andrew Andrews, aimed at raising leadership capabilities in the senior management level of Wilderness
- Traction gained with our virtual training platform which now connects over 1 000 Wilderness staff members, real time, to online training modules all aimed at personal development and improved service levels
- Children in the Wilderness hosted 537 children (approximately 2 700 camp bednights) through the programme during the year.

CULTURAL

- Launched a cultural heritage programme which is celebrated in annual heritage day display
- Integration of a cultural framework in the camps
- The communication of cultural diversity through the Wilderness TV platform.



CARBON EMISSIONS PER BEDNIGHT
down to
0.09 tonnes



12% growth IN TURNOVER
resulting from 5% increase in bednight sales and 4% increase in yield



HOURS OF NOTIONAL TRAINING
up to
27 500 hours

We are excited to report that we have, over the past two years, implemented a “virtual training environment” in our remote locations. Individual staff members, in their own free time, access this training platform in the camps using online technology. With over 1 000 staff members now actively engaging on this platform, we can report that over the last five months no less than 30 000 assessments have been written, with certain individual destinations clocking up to 2 000 assessments per month! This equates to 27 500 hours of notional training during this period and with over 1.8 million questions answered on service and standards. It is clear that we have totally underestimated our staff’s appetite for personal growth and development. We have also determined that there is a direct correlation between camps that have been active on this platform and improved guest response. Ongoing investment in this platform will spearhead our persistent, long-term drive to improve service across the regions. This investment will be supported by our ongoing investment in our defensive capital programme (current year spend of BWP44 million with prior year spend of BWP34 million).

With our vision being “a wilderness that inspires positive action”, we believe that we have a responsibility to create a dialogue in the business around the “why”, “how” and “what” of Wilderness. I have, at times, looked back and reflected on Wilderness as a good story kept quiet. While I am not suggesting that we should in any way become arrogant – on the contrary in fact – I do recognise the need to improve the network, content and speed of communication inside and outside the business. We expect that creating a dialogue around the essence of Wilderness will make our programmes more relevant to both our guests and our staff. To achieve this, we have some exciting initiatives that are gaining traction, namely:

- The integration of the 4Cs framework into the business – this integrated report refers, which illustrates our thinking in this regard;
- The launch of 4Cs Cafés and 4Cs Lounges in Wilderness regional offices, designed to create spaces where staff and clients can meet and learn more about the Wilderness Way;
- The launch of Wilderness TV, which is essentially an internal YouTube in Wilderness; and
- Centres for 4Cs Excellence, which are areas in certain camps that are purposely designed to display the framework to our guests and camp staff.



Wilderness TV is a newly developed virtual training tool and communication platform that allows personal growth and development of all staff.

Real growth is critical for the business in these times and, while we are mindful of the challenging external factors, we will focus on selling into existing capacity and growing capacity in areas where there is high demand. While the year ahead looks challenging, we are targeting real growth of 5% per annum for the next few years.

Our efforts to build environmental equity in the business are moving strongly forward. In the short to medium term, we will focus on investments that lower our operating costs, like the solar installations that lower our carbon footprint. In the year behind us, we invested BWP9.3 million in solar installations and the outcome of this investment is a potential 5% drop in the carbon footprint of all the Group’s camps, which in turn will lower future operating overheads. This is an exciting prospect considering the trend of fuel prices in the regions in which we operate.

While the world outlook may be relatively uncertain, it is pleasing to note that it is being reported that spend on, or an investment in, “experiences” is likely to increase in the future. I believe that Wilderness is well placed to benefit from this trend. I am also pleased to note that the organisational capacity of the business has improved over the past years and this should stand us in good stead. However, regardless of any potential uptick in demand for our product, we still need to be agile enough to perform when the tide is out. This will remain our short-term focus.

It has been an interesting few years, none of which we have not learnt from, and off the back of a very strong balance sheet (the result of focused efforts to build cash over the past three years), we have initiated an exciting medium-term strategic plan that focuses on improving overall business performance in the current tough trading environment. While bednight growth – in Africa and near Africa (Seychelles) – will form part of the plan, our attention will largely focus on the relevance and quality of our product, doing “more with less”, and selling into existing capacity.