

Gulf Hotels Group Announces a Net Profit of BD 6.922 Million in 2018, Shareholders' approve a Cash Dividend of 25%.

Gulf Hotels Group's Forty Ninth Annual General Meeting was held on Monday March 11, 2019 at 12:00pm in Awal Ballroom 3 at The Gulf Hotel. The meeting was presided over by Chairman, Mr. Farouk Yousuf Almoayyed with the board members and representatives from the Ministry of Commerce, Central Bank of Bahrain, Bahrain Bourse and Auditors KPMG.

The Chairman announced that for the year ended 31st December 2018, GHG achieved a total Gross Operating Revenue of BD 35.111 million compared to BD 37.261 million in same period 2017, a decrease of BD2.15 million or 5.77%. The Group generated a Net Profit of BD 6.922 million in comparison with BD 11.036 million achieved in the same period 2017 a decrease of BD4.114m or 37.28%. The decrease in the net profit for 2018 in comparison to last year resulted from the pre-opening expenses of the new Gulf Court Hotel Business Bay Dubai which opened in August 2018, interest costs pertaining to the Hotel's purchase and additional depreciation for the same, together with the new beverage operation in Sri Lanka. It was also impacted by the closure of the Gulf Convention Centre and a number of outlets, which were under renovation till Q3. Development cost of the land in Dubai were also written down this year. In addition, reduced profit from associates and share investments.

The Chairman, Mr. Farouk Almoayyed, commented "Given the expansion of hotel operations into Dubai, expansion of beverage operations into Sri Lanka and the significant upgrade to the Gulf Hotel's Convention Centre and outlets, we always knew that this would have an impact on the 2018 profitability, but the year has seen a major step in our expansion strategy and will yield positive results in years to come".

Mr. Farouk Almoayyed further added that the Group has already purchased a piece of land in Block 338 in Adliya Tourism Zone to develop a multi-unit restaurant complex. The second phase of the renovation of the Group's Crowne Plaza Hotel will commence during 2019. Also, the Group won a tender with Tourism Department to operate F&B operations and chalets in Bahrain Bay.

He further stated, "Whilst the hospitality industry in the Bahrain continues to face challenges due to declining occupancies and room rates, the government had started to take positive steps to bolster tourism and has recently reduced Government Levy to 5% to compensate for the introduction of VAT".

Adding to comments of the Chairman, CEO Garfield Jones stated "In addition to the expansion highlighted by the Chairman, the Group also completed the construction of the Gulf Executive Residence in Juffair in December 2018, which will also make a positive contribution to Group incomes during 2019. Steps are also underway to further expand operations in Saudi Arabia during 2019 as the Group has signed an MOU with Redha Group in Saudi Arabia to explore operations of Hotels, Apartments, Restaurant and Laundry business. The upcoming year also represents the 50th anniversary of the Gulf Hotel which will enjoy a year full of celebratory events".

The full set of financial statements and the press release are available on Bahrain Bourse's website.