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GULF HOTELS
GROUP

PRESS RELEASE

GULF HOTELS GROUP

FINANCIAL RESULTS FROM JANUARY TO MARCH 2017

Q1 2017 profits surge by 21%

Gulf Hotels Group (GHG) has reported the financial results for the first quarter of 2017.

Chairman, Farouk Y Almoayyed announced that for the Quarter ended 31st March 2017 the group has managed to achieve a Gross Operating Revenue of BD 9.343 million as against BD 8.578 million last year and a Net Profit of BD 3.311 million after consolidating the results of BTC as against BD 2.736 million last year, representing an increase of 21%.

Mr. Almoayyed added however that whilst consolidated performance was very positive, standalone results (excluding BTC) for the quarter ended 31st March 2017 had declined due to the very difficult trading conditions. GHG achieved a total Gross Operating Revenue of BD 7.870 Million compared to BD 8.578 Million in same period 2016, a decrease of BD 708,521 or 8.26% and has generated a Net Profit of BD 2.497 Million in comparison with BD 2.736 Million achieved in the same period 2016, a decrease of BD 239,171 8.74 % on 2016.

Mr. Almoayyed reiterated that the hospitality industry continues to be negatively impacted by various government decisions taken in 2016 including the increasing of Government Levy together with the capping of service charge, removing or cutting subsidies and substantially increasing the cost of fuel and utilities. These factors, along with increased competition from a number of new hotel openings in 2016, have negatively impacted the incomes of the hotel division. Recent announcements of fifteen new 5 star and 4 star hotels will have further impact on the industry as there is already a substantial over supply of rooms in the market. The introduction of VAT from 2018 onwards will also add to difficulties the industry is facing

Mr. Almoayyed revealed the Group's expansion strategy which includes expanding the existing hotel portfolio and establishing a number of stand-alone restaurants.

- He confirmed that the company has commenced the development of the 230 rooms, five star Gulf Hotel Business Bay in Dubai, a waterfront property located 1.5 km from Burj Khalifa and Dubai Mall, and expected to be completed end 2019.

Adding to sentiments of the Chairman, CEO Garfield Jones expressed his satisfaction with the results taking into consideration testing market conditions. He also added comments about the future projects viz:

- The Group's plans to enter into the stand-alone restaurant market in both Bahrain and KSA, having already acquired Block 338 in Adliya Tourism Zone for developing it into a multi-unit restaurant and leisure facility, and pursuing Joint Venture proposals for opportunities in Saudi Arabia.
- The construction of 109 unit Gulf Executive Residence Juffair, which is well underway and expected to be completed by Q2 2018.

Mr. Jones concluded by expressing his appreciation towards the management and staff of all of the Group's divisions whose hard work and efforts have contributed towards achieving these results in difficult times. He also stated that the success of any company comes down to its customer base, thanking the Groups valued customers for their continuous support.