

PRESS RELEASE

FINANCIAL RESULTS FROM JANUARY TO SEPTEMBER 2017

Growth of 17.60% in Operating Net Profit

Gulf Hotels Group (GHG) has reported the financial results for the period ending September 2017.

Chairman, Farouk Y. Almoayyed announced that for the nine month period of 2017 the Group achieved a total Gross Operating Revenue of BD 27.546 million compared to BD 26.055 million in same period 2016, an increase of BD 1.491 million or 5.72 %. For Q3 the Group achieved a Gross Operating Revenue of BD 9.160 million compared to BD 9.672 million in same period 2016, a decrease of BD 512 K or 5.3 %.

Mr. Almoayyed also announced that the company has generated Q3 YTD Net Profit of BD 8.679 million for the nine month period of 2017 compared to BD 7.381 million achieved in the same period 2016; an increase of BD 1.298 million (or 17.59%). For Q3 2017 the Group achieved a Net Profit of BD 2.809 million in comparison with BD 2.894 million achieved in the same period 2016; slight decrease of BD 85 K on 2016 (or 2.91%). However published profit of Q3 YTD includes One Time Bargain Profit of BD 6.126 million associated with the acquisition of Bahrain Tourism Company.

Mr. Almoayyed highlighted the challenges facing the hospitality industry which has experienced falling occupancies and room rates over the past 4 years resulting in a 21.3% drop in revenues since 2014 for Gulf Hotel. That drop, coupled with increases in duties, employment costs, overheads, utilities, etc., is crippling the industry and he believes that many hotels will be forced out of business if the government does not act to support the industry and stimulate business.

Mr. Almoayyed confirmed that whilst Gulf Hotels Group expects to continue expanding within Bahrain with projects such as the development of a multi-restaurant facility in the Block 338 area and the development of the Gulf Executive Residence Juffair, given the challenging Bahrain market conditions the Group will concentrate on external expansion in order to diversify its portfolio, citing the UAE and KSA as key target markets for both the hotel and restaurant segments.

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The Group's Chief Executive Officer, Garfield Jones, reiterated the comments of the Chairman, stating that trading conditions in the hotel and restaurant sectors were extremely challenging. "Our current growth results from our acquisition of Bahrain Tourism Company in 2016 however the underlying trend in the industry is negative" he said, adding that "Our team is working hard to maintain business and achieve the best possible results in difficult times". He further indicated that the bedroom refurbishment of the Group's Crowne Plaza hotel is progressing well with completion expected by first quarter of 2018 and that the construction of the 109 unit Gulf Executive Residence Juffair is now in the fit-out phase, expecting the property to open for business in the second half of 2018. The Group will also complete a full refurbishment of the Gulf Convention Centre in 2018 along with upgrades to the Gulf Hotel's Al Waha Restaurant and Sherlock Holmes outlet.

He also thanked the Group's valued customers for their continued support, stating that the success of any company comes down to its loyal patrons.