



Gulf Hotels Group B.S.C. announces its financial results for the Year ended 31st December 2018.

Gulf Hotels Group BSC (GHG) announces its annual financial results for the year ended 31 December 2018 including the financial results for the fourth quarter of 2018.

During the full year 2018 the Group achieved Revenues of BD 35.111 Million, compared to BD 37.262 Million in 2017, a decrease of BD2.151m or 5.77% Gross Operating Profit of BD 13.233 Million, compared to BD 13.356 Million in 2017, a decrease of BD0.123m or 0.92% A net comprehensive income of BD 7.432 Million, compared to BD 10.636 Million in 2017, a decrease of BD 3.204m or 30.13% A Net Profit of BD 6.922 Million compared to BD 11.036 Million in 2017, a decrease of BD4.114m or 37.28%. Earnings per shares was 31 fils in 2018 compared to 49 fils in 2017.

The total shareholders' equity (excluding minority interests) for the year was BD 113.685 Million compared to BD 111.769 Million in last year, with an increase of 1.71%.

The total assets for the YTD reached BD 141.645 Million compared to BD 120.968 Million in the previous year, with an increase of 17.09 %.

The decrease in the net profit for YTD in comparison to last year resulted from the pre-opening expenses of the new Gulf Court Hotel Business Bay Dubai (BD 1.058 M) which opened in August 2018, interest costs pertaining to the Hotel's purchase (BD 420K) and additional depreciation for the same (BD 838K), 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 (BD 1.058 M). In addition, reduced profit from associates and share investments rose to BD 634K.

With regards to the Q4 financial results, the company achieved net profit of BD 1.182 Million compared to BD 2.357 Million during the fourth quarter of the previous year, with a decrease of 49.85%. The company achieved a net comprehensive income for the fourth quarter of BD 1.397 Million, compared to BD 2.445 Million in the fourth quarter of last year, with a decrease of 42.86%.

The operating profit achieved in the fourth quarter is BD 4.469 Million, compared to BD 3.383 Million in the fourth quarter of last year, with an increase of 32.10%. With regards to revenue/sales, the company achieved BD 10.286 Million during the fourth quarter, compared to BD 9.716 Million in the fourth quarter of last year, with an increase of 5.87%. The earnings per shares achieved during the fourth quarter of the year is 5 fils compared to 10 fils in the fourth quarter of last year.

The decrease in the net profit for the fourth quarter in comparison to the fourth quarter of last year relates mainly to preopening expenses incurred during the period for a number of food and beverage outlet renovations in Bahrain and interest costs on the financing of Dubai project and additional depreciation for the same. Also, hotel's operations continue to be affected by a decrease in Room's revenue, which is driven by lower room rates and lower occupancies. Food & Beverage income was also affected by lower occupancy levels.



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”. 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. 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.