

City Lodge Hotels Limited - Interim results for six months to 31 December 2018

Issued by [City Lodge Hotel](#)

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- **Average group occupancies 58%**
- **Return on equity 17%**
- **Normalised diluted headline EPS -6%**
- **New Courtyard Hotel for Waterfall City - African expansion advanced in Kenya, Tanzania and Mozambique**

Demonstrating its ongoing confidence in and commitment to South Africa, the City Lodge Hotel Group has signed a lease and development agreement for the establishment of a 168-room Courtyard Hotel in Waterfall City north of Johannesburg with construction expected to start in March and completion scheduled for October 2020.

This “new concept” hotel – which will have 10 levels and include a rooftop bar and a 100-seater conference facility - will take the group’s number of operating hotels and those that have been announced or are under development to 64 in six countries in East and Southern Africa, offering a total of 8,160 rooms.

As part of its targeted African expansion plan, the group has fully opened the 171-room City Lodge Hotel at Two Rivers Mall, Nairobi, and the 148-room City Lodge Hotel Dar es Salaam, with the 148-room City Lodge Hotel Maputo expected to open in April. In South Africa, construction of the 154-room Town Lodge Umhlanga Ridge is on schedule, with the opening planned for July this year. Approvals are still awaited for the development of the 90-room Road Lodge Polokwane.

During the six months to 31 December 2018, average group occupancies fell to 58pc from 63pc in the previous interim period. In South Africa, where the group has most of its hotels, occupancies fell by three percentage points to 61%, largely due to depressed business and consumer confidence ahead of the upcoming national elections.

While occupancies in Botswana were three percentage points lower than in the previous year, Kenyan occupancies at the Fairview Hotel and Town Lodge, Upper Hill, Nairobi, reflected a welcome improvement, rising by four percentage points. Occupancies in Namibia continued to improve. The overall operating environment for the period was challenging across all of the group’s operations and brands.

Total group revenue increased by 3% to R807.4m, benefiting from the improvement in Kenya and a full period contribution from Town Lodge Windhoek. City Lodge Hotel at Two Rivers Mall Nairobi was partially open during the period and there was a small contribution from City Lodge Hotel Dar es Salaam towards the end of the period. In South Africa, achieved room rates increased by less than inflation due to tough economic conditions and a highly competitive operating environment.

Normalised profit before tax for the group decreased by 6% to R226.1m while normalised headline earnings decreased by 6% to R163.3m. Fully diluted normalised headline earnings per share decreased by 6% to 375.1 cents. An interim dividend of 229 cents a share was declared, 9pc lower than in the previous year.

Looking ahead to the second half of the financial year, the group expects trading conditions in South Africa to remain under pressure until the election has been held on 8 May.

“In the first six weeks of the second half of the financial year, some improvement has been noted, but this trend has not been consistently observed. The group is encouraged by the overall economic trajectory outlined and envisaged by

president Cyril Ramaphosa which could play an important role in improving sentiment and activity,” group CEO Andrew Widegger said.

Following swift and effective action by the Kenyan authorities after the January terror attack on a hotel and office complex in Nairobi, the group expects the situation to normalise fairly quickly, evidenced by positive forward hotel bookings. Increased sales and marketing efforts will be focused on the group’s new hotels in Nairobi, Dar es Salaam and Maputo.

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City Lodge Hotel Group has a variety of hotels dedicated to providing you with comfort at a level that suits you. With 5 Courtyard Hotels (480 rooms), 19 City Lodge Hotels (3281 rooms), 12 Town Lodges (1507 rooms) and 23 Road Lodges (2 272 rooms), the Group has a total of 7540 rooms and ranks among the 250 largest hotel chains in the world. We are dedicated to providing quality accommodation for business, leisure and 'bleisure' travellers in South Africa, Namibia, Botswana and Mozambique. From basic, functional rooms to magnificent luxury studios, we have the range and experience to give you unbelievable service and exceptional accommodation at a price you can afford and in a location near to where you want to be. Go to www.clhg.com for more information.

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