

# City Lodge Hotels Limited - Annual results for year ended 30 June 2018

Issued by [City Lodge Hotel](#)

20 Aug 2018

- Average group occupancies 59% (61% in South Africa)
- Revenue -1% to R1.5 billion
- African expansion on track - new hotels in Nairobi, Dar es Salaam and Maputo to open by end of October
- Construction underway on Town Lodge Umhlanga Ridge
- Group will have 7,991 rooms at 63 hotels in six countries once current development programme is completed



*The 147-room City Lodge Hotel Dar es Salaam (Tanzania) is expected to open by the end of September 2018 while the 154-room Town Lodge Umhlanga Ridge is scheduled to open in July 2019.*

The JSE-listed City Lodge Hotel Group expects to open new hotels in Dar es Salaam (Tanzania) and Maputo (Mozambique) by the end of October as part of its targeted African expansion strategy.

The 147-room City Lodge Hotel Dar es Salaam is expected to open at the end of September and the 148-room City Lodge Hotel Maputo is scheduled to open in October. The 171-room City Lodge Hotel at Two Rivers Mall in Nairobi, which opened its first 104 rooms in early 2018, is on track to open the remaining 67 rooms by the end of August.

In South Africa, the expansion of the City Lodge Hotel at O R Tambo International Airport is expected to be completed within the next few weeks. The first 39 of 62 additional rooms – increasing capacity to 365 rooms – were opened in the last week of June. Construction began on the development of the 154-room Town Lodge Umhlanga Ridge in March and the hotel is expected to open in July 2019. Final approvals are awaited for the development of the 90-room Road Lodge Polokwane.

Once all these hotels are fully operational, the group will offer 7,991 rooms at 63 hotels in six countries in East Africa and Southern Africa.

In the financial year ended 30 June, 2018, the group reported a decrease in average occupancies to 59% from 63% in the previous financial year. Group revenue decreased by 1% to R1.5 billion with trading conditions in South Africa, where the group has 54 hotels, being impacted by low business and consumer confidence, exacerbated by the lack of clarity on the policy of land expropriation without compensation. South African occupancies fell to 61% from 63%.

Occupancies in the greater Cape Town area were affected by the Day Zero water-saving campaign which caused some travellers to shorten or cancel their stays. In general, across the country, the length of business travel stays has been shortened, partly due to budgetary constraints.

Occupancies in Botswana were in line with the 2017 financial year, but occupancies in Kenya were weaker due to the re-run of the country's elections and an overhang of hotel accommodation in Nairobi due to the introduction of new supply. There were encouraging signs of recovery in the second half of the year.

Normalised headline profit before tax decreased by 8.4% to R458.9 million while normalised headline earnings decreased by 8.6% to R331.1 million. Normalised diluted headline earnings per share were down by 8.8% to 760.6 cents.

In line with the group's established policy of paying out 60% of normalised headline earnings, adjusted for foreign exchange gains and losses, a final dividend of 201 cents was declared, taking the fully year distribution to 454 cents, 9.2% lower than a year earlier.

Commenting on the outlook for the 2019 financial year, newly appointed CEO, Andrew Widegger, said that in South Africa the new financial year has seen a continuation of the soft trend experienced in the 2018 financial year.

"It is unlikely that there will be a meaningful change in sentiment until after the country has held its general election, which is likely to take place in the second quarter of 2019. The outlook for our hotels located outside of South Africa has shown encouraging signs of improvement and the group will benefit from the opening of the new hotels," he said.

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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](http://www.clhg.com) for more information.

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