



IKEJA HOTEL PLC (RC 10845)

FACTS BEHIND THE FIGURES
PRESENTATION AT THE NIGERIAN STOCK EXCHANGE
WEDNESDAY, JUNE 26, 2019

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Vision

“To be the preferred Hospitality and Tourism Investment Company”

Mission

“Maintain a leadership position in the provision of first class international hotel development and management services in the hospitality and tourism industry and thereby contribute effectively to the socio-economic development of Nigeria”

Core Values

- ✓ Guest Satisfaction
- ✓ Highly Motivated Associates
- ✓ Prompt & Excellent Service Delivery
- ✓ Accountability to all Stakeholders
- ✓ Environmental Friendliness
- ✓ Diversity



OVERVIEW



CORPORATE PROFILE

- Ikeja Hotel Plc was incorporated as Properties Development Limited on November 18, 1972 with a view to providing world class hotel and catering services.
- The company's name was later changed to Ikeja Hotel Limited in October 7, 1980 and it became a public company in 1983
- Sheraton Lagos Hotel was completed in September 1985. It has 337 guest rooms of which 107 are newly renovated state-of-art club rooms and suites.
- It also has controlling interest in Capital Hotels Plc, the owning company of Sheraton Abuja Hotel through its subsidiary Hans Gremlin Nigeria Limited.
- In association with other Investors, it has 12.18% shares in The Tourist Company of Nigeria Plc.

IMPORTANT MILESTONES



IKEJA HOTEL PLC ASSETS

OWNERSHIP 100%



OWNERSHIP 51%

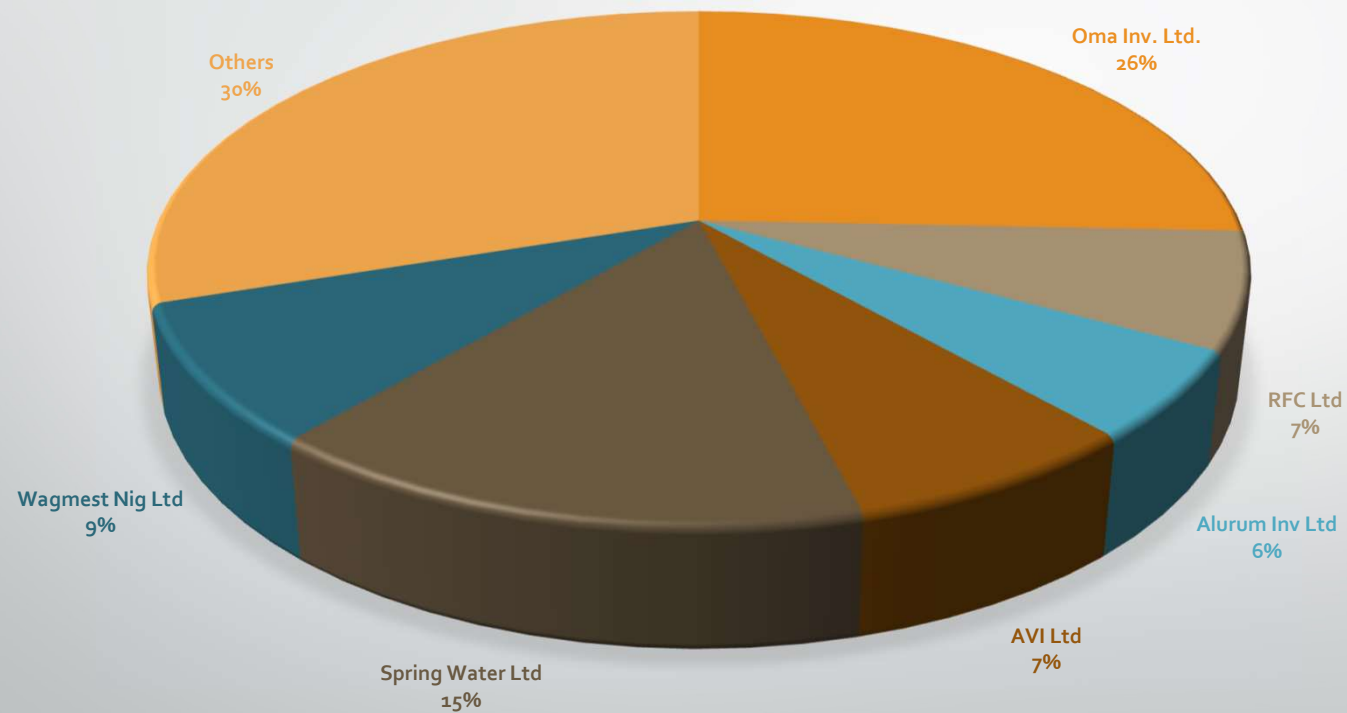


INVESTMENT 12.18%



SHAREHOLDING STRUCTURE

MAJOR SHAREHOLDERS WITH 5% AND ABOVE





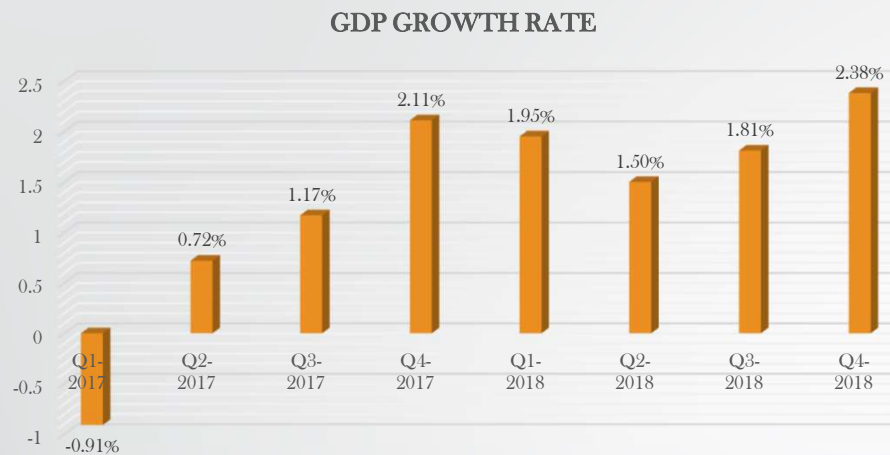
CORPORATE GOVERNANCE STRUCTURE

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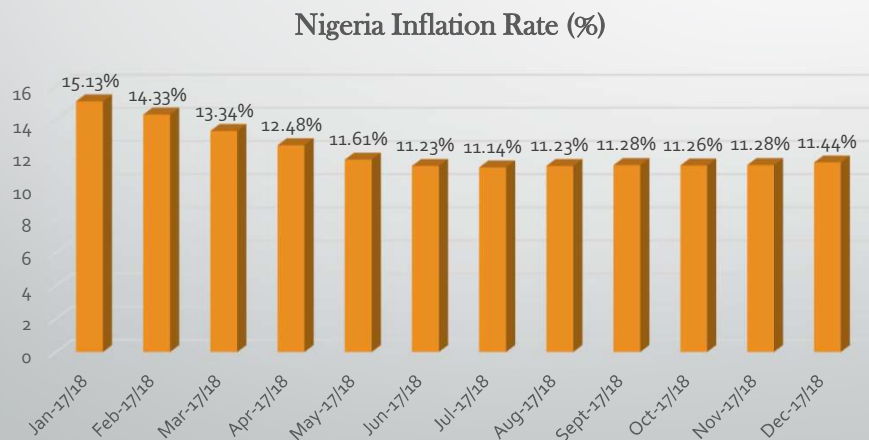
- **Board of Directors** – Consists of Eight members, Chaired by Chief Anthony I. Idigbe, *SAN*, a nominee of SEC.
- **Nomination, Establishment & Governance Committee** – Chaired by Mrs. Fadeke Olugbemi, *FCA*, a Non-Executive Director.
- **Finance, Risk & General-Purpose Committee** – Chaired by Mr. Abatcha Bulama, *FCA*, a Non-Executive Director, a nominee of SEC
- **Statutory Audit Committee** – Chaired by Chief V. C. N. Oyolu, *FCA*, a representative of shareholders.



OPERATING ENVIRONMENT HIGHLIGHTS



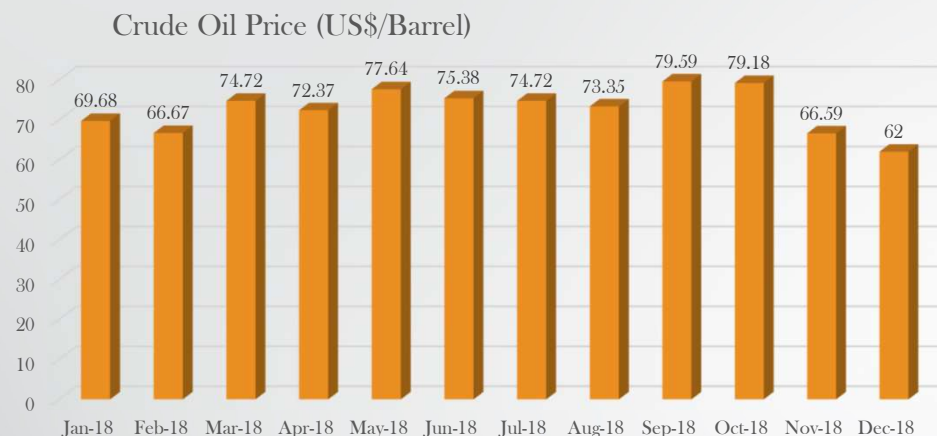
The Nigeria's GDP grew by 2.38% in real terms (year on year) in the fourth quarter of 2018 when compared to the fourth quarter of 2017, which recorded a growth rate of 2.11%.



The inflation has been relatively stable from the second quarter of 2018. Inflation rate rose to 11.44% in December from November figure of 11.28%.

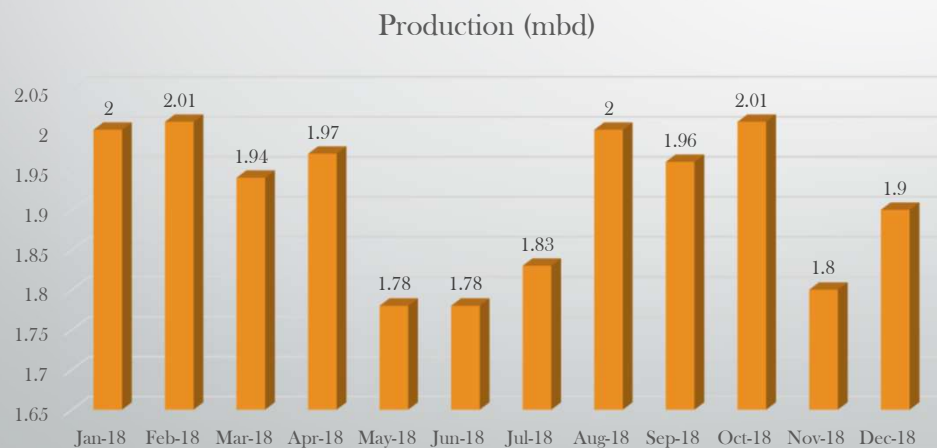
The downward trend in inflation is as a result of the CBN's continuous intervention in the economy especially in maintaining stability in the FX market.

CRUDE OIL PRICE




Average crude oil price in 2018 remained above \$70. The average spot price of the Nigeria's bonny light fell to US\$ 69.89/barrel in the fourth quarter 2018. The fall in oil price was attributed mainly to supply glut in the global market particularly rising US crude oil inventories

CRUDE OIL PRODUCTION



Nigeria's crude oil production averaged 1.9 mbpd. The increase in production was attributed largely to sustained partnership with government and stakeholders in the Niger Delta region.

Sources: NBS, CBN, NNPC



Political - The build up to 2019 election impacted on the revenue through demand for meeting rooms and other services.

Insecurity - This also had impact on the business



FINANCIAL PERFORMANCE REVIEW

INCOME STATEMENT HIGHLIGHT

	FYE	FYE		
	2018	2017		
	₦'000	₦'000	%	
Revenue	13,267,667	12,122,013	9.45	Revenue - Increase in room occupancy as a result of state-of-art renovation of 5 th and 6 th floors. Improvement in services and Aggressive marketing.
EBITDA	3,008,609	2,531,998	18.82	
EBIT	1,946,105	1,415,579	37.48	EBIT - Due to re-organization, the overhead costs reduced. Efficiency in operation Sales & Marketing reduced by 54.5%, while Admin expenses reduced by 14.1%.
PAT	1,105,359	603,612	83.12	PAT - Improved as a result of efficient Tax Planning and Management
Basic earnings per share (Kobo)	53	29		

STATEMENT OF FINANCIAL POSITION HIGHLIGHT

	FYE	FYE	
	2018	2017	
	₦'000	₦'000	%
Total Assets	37,817,170	35,749,861	5.78 → • Total Assets – Increase is driven by cash & cash equivalent and other receivables & prepayments.
Total Liabilities	19,367,242	18,405,293	5.23 → • Total Liabilities – Increase is driven by trade & other payables and deferred income
Shareholders Funds	18,449,928	17,344,568	6.37 → • Shareholders' Fund – the increase is as a result of retained earnings.

2018 vs 2017 Revenue

Rooms			F & B			Other		
2018	2017	%Growth	2018	2017	%Growth	2018	2017	%Growth
₦'m	₦'m	₦'m	₦'m	₦'m	₦'m	₦'m	₦'m	₦'m
4,629.52	4,077.17	11.93%	2,011.98	1,790.21	11.02%	648.73	450.07	30.62%

- About 40% of the rooms revenue came from contractual relationship with a sectorial clients, the other 60% of the revenue was supplied from our corporate segment. 20% of the Food and Beverage revenue came from our conference and banqueting activities and 80% was from our restaurants. Food and Beverage growth was primarily driven by growth in occupancy.

REV PAR FULL YEAR 2018

Occupancy		Rev PAR	
Sheraton Lagos	Compset	Sheraton Lagos	Compset
58.4	51.5	13.2	-0.8

- **Revenue** per available room (**RevPAR**) is a performance metric used in the hotel industry. It is calculated by multiplying a hotel's average daily room rate (**ADR**) by its occupancy rate. It may also be calculated by dividing a hotel's total room revenue by the total number of available rooms in the period being measured.
- The table above shows 13.2 points growth on the previous year for Sheraton Lagos, as compared to Compset which lost 0.8 points on the previous year.

Key Terms

RevPAR - Revenue Per Available Room


ADR - Average Daily Room Rate

Compset - Group of Hotels seen as direct competitors

RPI - Revenue Per Index



FUTURE OUTLOOK



Where
the World
Comes
Together



SHERATON
EST. 1937



Future Outlook

- To raise capital for the upgrade of public areas and 1st – 4th floors of the hotel to meet international standard and to achieve competitive advantage.
- Plan to expand our banquet facility to generate additional revenue for the hotel. This will be achieved through JV arrangement with Investors.
- To uphold sound Corporate Governance and Best Practices in running our business. The Company will also ensure full Compliance with statutory obligations in order to sustain Investors Confidence.
- Strategic direction of the company to retain its prime position as the flagship of Hospitality and Tourism business in Nigeria.



Future Outlook ..contd.

The inflation rate has been forecasted to be approximately 14.8% in 2019 and as a result, we will increase most of our corporate rates which will in turn boost our ADR.

Although the first and second quarters will be tough for the aforementioned reasons, we intend to exploit the opportunity to drive volume on our group segment by targeting investors and patronage of the new government that will take off from May 29. A special package will be designed to include accommodation, food and beverage per person per day. We will also add special attractions such as menu upgrade for minimum spend of N2.5m per event.



CONCLUSION

Barring all unforeseen circumstances, the Management is confident of continued sustainability and profitability of the Company in the coming Years.



THANK YOU

Theophilus Eniola Netufo, *FCA*
Chief Operating Officer

