

The Board of Directors of TPS Eastern Africa Limited is pleased to announce the audited results for the year ended 31 December 2017.

Condensed consolidated income statement

	2017	2016
	Shs' 000	Restated Shs' 000
Revenue	6,408,206	6,468,803
Profit before exchange gain, interest, depreciation, results of associates and taxation	831,525	973,487
Exchange gain on foreign currency loans	3,039	51,558
Net interest expense	(137,961)	(172,669)
Depreciation and amortisation	(406,496)	(538,333)
Share of results of associates	(29,360)	1,105
Profit before income tax	260,747	315,148
Income tax expense	(141,282)	(195,973)
Profit after tax	119,465	119,175
Attributable to:		
Equity holders of the Company	65,209	88,150
Non controlling interest	54,256	31,025
	119,465	119,175
Other information		
Dividend proposed/paid	63,761	63,761
Accumulated retained earnings	2,315,239	2,260,456
Earnings per share attributable to the equity holders of the Company		
- basic & diluted (Shs per share)	0.36	0.48
Weighted average number of shares (000s)	182,174	182,174

Commentary

During the year 2017, the Group successfully traversed through a challenging business landscape for the tourism industry in East Africa mainly caused by the ripple effect of the political uncertainty in Kenya. To some extent, this impacted business levels in the East African region.

Despite the increasing competition arising from new market entrants, most Serena City hotels performed well and hosted high profile guests and events in 2017. Business levels within the Serena safari circuit in Kenya and Tanzania were healthier than the corresponding periods in the past two years, and during 2018 the growth in foreign tourism for destination Kenya in particular is expected to be more promising than year 2017. The support from the domestic and regional markets is expected to continue at encouraging levels during year 2018.

The financial outcomes of our business strategy are encouraging, as demonstrated by our performance. During the year under review, TPS Eastern Africa Limited (TPSEAL) achieved a turnover of KShs. 6.41 billion (2016: KShs. 6.47 billion) and a profit after tax of KShs 119.47 million (2016: KShs. 119.18 million). Serena Tanzania properties on the northern circuit and Serena Uganda performed well during the year 2017 and command a leadership position in market share within their respective regions. Taking all factors into account and given that the Nairobi Serena Hotel (NSH) has been operating at 46% of its room inventory and significantly reduced meeting room space (in line with its upgrade program), the Company's performance for the year 2017 is reassuringly satisfactory.

The Company and its subsidiaries contributed significantly to the revenues of the governments of Kenya, Tanzania and Uganda in 2017, just as in the previous years. The Group paid, in aggregate, the equivalent of KShs. 1.481 billion (2016: KShs. 1.615 billion) in direct and indirect taxes and equivalent of KShs. 353 million (2016: KShs. 381 million) to the revenues of counties and local authorities in royalties and rents in the various jurisdictions during 2017.

The Group continues to implement appropriate Human Resource Management practices and sound Corporate Social Responsibility (CSR) programs that complement its long-term business strategy. The CSR programs remain fully aligned to achieving the Sustainable Development Goals (SDGs) set out by the United Nations Development Programme. Our sustainable business practices continue to respond to the needs of eco-tourism, environmental conservation, reforestation, education, public health; and essentially community development.

The tourism industry is a powerful pillar in the realization of East Africa's social and economic development. As long-term investors and in line with our commitment to destination East Africa, the Board is pleased to

highlight the following key initiatives: new facilities and refurbishment of existing facilities at Kampala Serena Hotel and Dar es Salaam Serena Hotel during 2017 were completed in a phased manner, the NSH redevelopment which is progressing well, on a phased basis, will reach completion at the end of year 2018 and the award of a new Management contract in the Democratic Republic of Congo (DRC) will strengthen the Serena circuit with the opening of Goma Serena Hotel in early 2019.

Based on the feedback received from our suppliers of business in traditional and new international source markets, there is increased interest in selling destination East Africa. The recent positive news that Kenya Airways will commence direct flights to/from New York from October 2018 and the resumption of Air France flights to Nairobi is encouraging. Improvements in road infrastructure are being implemented and the opening of the Standard Gauge Railway (SGR) in Kenya has created opportunities on the tourism front from June 2017 for Kilaguni Serena Safari Lodge, Amboseli Serena Safari Lodge and Serena Beach Resort & Spa. It is appropriate to express the Group's appreciation to the East African governments for facilitating the continuous resource allocation for critical maintenance of security.

Dividend

The Directors are recommending for approval, at the forthcoming Annual General Meeting, payment of a final dividend for 2017 of KShs 0.35 per share (2016: KShs 0.35 per share), subject to payment of withholding tax, where applicable. If approved, the dividend will be payable on or about July 26, 2018 to members on the Register at the close of business on June 26, 2018.

Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Company will be held on **Tuesday, June 26, 2018, at 11.00 a.m.** at the Kenyatta International Convention Centre, Nairobi.

By Order of the Board

Dominic Ng'ang'a
Company Secretary

April 17, 2018
Nairobi

The above results are an extract from the audited financial statements for the Group for the year ended December 31, 2017.

