

Press Release

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Time-barred until 10:00 on Thursday 13 September 2007

Earlier today the MHRA released the **BOV MHRA Hotel Survey by Deloitte** for the second quarter of the year.

MHRA President Josef Formosa Gauci was encouraged by the positive results registered in the second quarter of the year as he feels that the reported results:

“Confirm that the collective efforts of the industry’s stakeholders are paying off and are translating into improved tangible results for hospitality operators and the economy as a whole”.

All ‘Key Performance Indicators’ for the second quarter are up compared to 2006, confirming that the improvement is being registered across the board and not only in particular segments.

Occupancy levels and Average Achieved Room Rates were up in all 3-categories with the biggest gains being made by operators in 5-star category, where results were boosted by a noticeable upturn in the level of Conference and Incentive Business.

BOV MHRA Hotel Survey by *Deloitte*

The MHRA was also pleased to note the improved results registered by 3-star hotels after a long run of negative results. These results confirm that if Malta manages to stimulate increased demand, albeit in the higher category hotels, the positive impact of the increased tourist arrivals will also flow through to other categories of hotels.

	2007	2006
Occupancy	Q2	Q2
5-star	77.1%	69.7%
4-star	77.4%	75.9%
3-star	70.0%	65.0%

	2007	2006
AARR	Q2	Q2
5-star	Lm43.26	Lm40.12
4-star	Lm16.97	Lm16.28
3-star	Lm12.46	Lm10.16

	2007	2006
GOPAR	Q2	Q2
5-star	Lm1,642	Lm1,218
4-star	Lm637	Lm538
3-star	Lm288	Lm136

Mr Formosa Gauci emphasized that notwithstanding the positive results being achieved there still remains a lot of work to be done by all involved:

“The positive results achieved this quarter must not make us complacent. We still have to work harder to reverse the persistent decline in guest-night generation and the rather disappointing results from the important German, French and Benelux markets.

If Malta wants to achieve a long-term sustainable tourism industry, we must collectively push for further growth in arrivals. Malta needs growth in guest-night

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generation and this will only be achieved if the impact of increasing arrivals outweighs the negative impact of a shortening average stay. The increased level of arrivals is also necessary to ensure the commercial viability of the routes operated by all carriers, including Air Malta.

“We just cannot afford a situation where the gains made from one or more market sources or by one or more carriers are offset by losses from other markets and by other carriers”.

The BOV MHRA Hotel Survey by Deloitte is an industry initiative sponsored by Bank of Valletta p.l.c. and is open to all hotels in Malta and Gozo, not just MHRA members. It is compiled independently by Deloitte and is the only survey to analyse trends in detail all the way from income to operating profit. Fifty properties participated in this edition. This survey edition covers 9,015 rooms (2006 Q2: 9,819) and Lm26.6 million in revenue (2006 Q2: Lm25.5 million). The next survey will cover Q3 of 2007. Hotels which wish to receive a full copy of the survey report and are prepared to start participating in future hotel surveys are invited to send an email to mhrasurvey@deloitte.com.mt.

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NOTES TO THE EDITORS

1. The Deloitte survey reports on *average* performance indicators within each hotel category. Individual performance will vary.
2. Occupancy relates to room occupancy, not bed occupancy. Increases in occupancy expressed as a percentage relates to the change in absolute occupancy percentage levels.
3. Average Achieved Room Rate (AARR) is an industry term which relates to accommodation income (net of taxes) divided by the number of room-nights sold. It can be affected by prices charged, the number of people to a room and the business mix of a hotel.
4. Gross Operating Profit per Available Room (GOPAR) is an industry standard term defined as Operating Profit before taxes, interest & depreciation, expressed on a per room basis. Amounts in brackets denote losses per room.
5. Full detailed survey findings are shared with the participating hotels and associate members of the MHRA. To become an associate member of MHRA contact mhra@onvol.net.

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