

Marriott clinches deal to buy biggest African hotel chain

US hotel giant Marriott announced it had finalised a deal to buy the Protea group, Africa's largest hotel chain, for US\$186m.



"Marriott and Protea plan to close the transaction by April," the firm said in a statement.

Based in South Africa, Protea manages 10,148 rooms in 116 hotels in eight African countries -- South Africa, Zambia, Nigeria, Namibia, Malawi, Uganda and Tanzania.

The Nasdaq-listed Marriott Group has 3,900 properties around the world and is worth around US\$15.5bn at current market prices.

After the deal was announced, Protea's chief executive Arthur Gillis told AFP that he expected Marriott to "sprinkle professionalism" on top of an already well-functioning business.

"One cannot compare the resources of a company with 120 hotels with the resources of a company with 3,900 hotels," Gillis said.

56m travellers to Africa in a year

The deal gives Marriott a formidable position in a rapidly growing market, nearly doubling its footprint in Africa to 23,000 rooms. Last year, a record 56m travellers visited Africa, according to UN statistics.

That was up six percent from the figure for the previous year and a similar increase is expected for 2014. Business travel is also picking up on the continent as the sub-Saharan region grows at an average of five percent a year.

Gillis said the deal placed Marriott at an advantage over global competitors, which had decided to build African hotels themselves, rather than acquire them.

"Marriott," he said, "looked at what the other global companies had said they were going to do in Africa and then at what the other global companies have done in Africa. Sadly they are two entirely different things. I've got many newspaper clippings, (detailing plans for) '50 hotels in five years,' '75 hotels in ten years'", said Gillis.

"Marriott have said something completely different in going for a takeover," he said.

The US firm had undertaken to take on all of Protea's staff, of about 15,000.

Responding to suggestions that Marriott may have got Africa's most prized hotel chain at a bargain, Gillis laughed. "Both Marriott and Protea are moderately unhappy about the price that was paid," Gillis joked. "We have left a lot of value on the table, but that value is going to be unlocked by Marriott," he added

"It was an absolutely unanimous board decision," he said.

The deal is subject to regulatory approval.

Source: AFP via I-Net Bridge

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