



HOSPITALITY CONSULTING

Krabi

Hotel Market Update

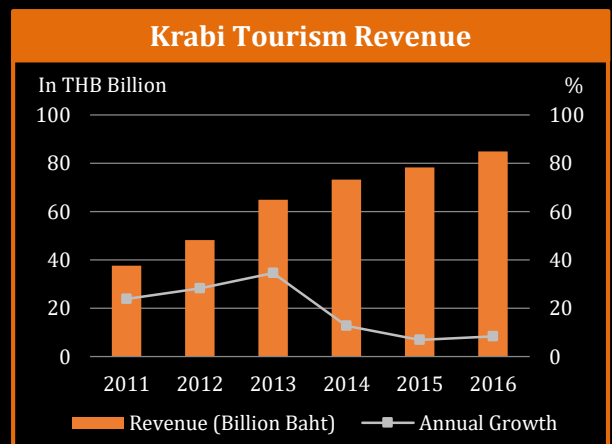
May 2017

Surging passenger arrivals drive Krabi's tourism revenue to record high of THB84 billion

Airlift to key cities in Greater China grows 23% y-o-y

"Full-year arrivals to Krabi International Airport sharply rose to a all-time high of two million passengers last year. While the market has steadily moved forward during the past decade, tourism revenue went into overdrive in the last five years. In 2016, tourism receipts hit THB84 billion, which has more than doubled the figure in 2010 of THB30 billion. From an economic impact, the positive trend resulted in a five-year CAGR of 18%.

Mainland China remains the largest overseas source market, with the top three cities being Shanghai, Chengdu and Guangzhou. Presently, both direct scheduled and charter flights connect to 26 cities in China, and are expected to see further market penetration.



Source: Thailand Department of Tourism and C9 Hotelworks Market Research

Krabi's legacy tourism markets of Sweden, France and Germany have been marginalized by a remarkable rise of Chinese tourists. As the destination continues to see a shift in visitor profile, the change is consistent with other Thai beach destinations such as nearby Phuket."

Bill Barnett, Managing Director, C9 Hotelworks

Trends

- Market share of international passenger arrivals from Greater China rose from 38% in 2014, to 61% in 2015 and hit 66% in 2016.
- International direct airlift totaled 14,034 flight arrivals for FY2016, with the largest number departing from Greater China.
- Market-wide hotel performance in 2016 grew to a higher RevPAR of THB3,069, which was driven by an increased ADR of THB4,292 despite a slight decline of 1.90% in occupancy rate to 71.5% last year.

Forward Outlook

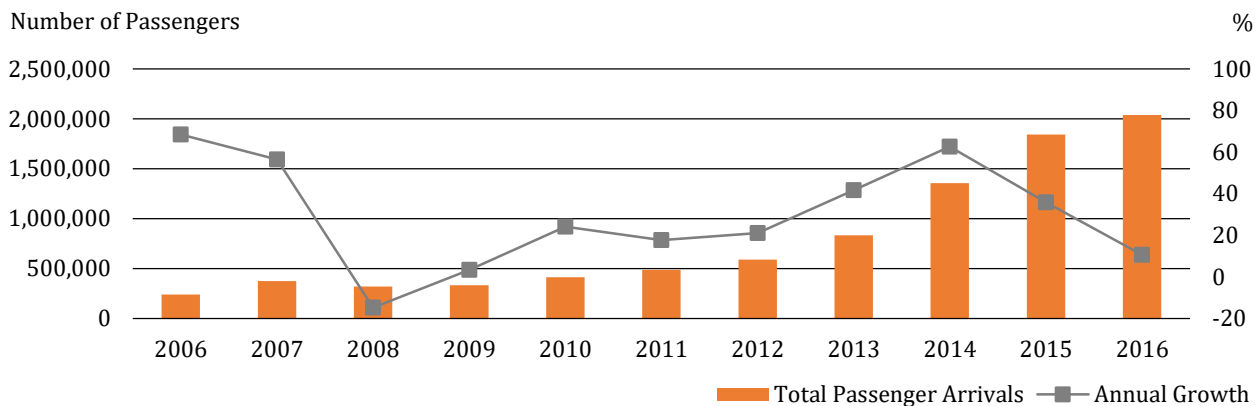
- There were 438 new hotel keys added to the market in 2016, which represented a 2% rise in total supply.
- A total of 598 additional keys are anticipated to enter the hotel market throughout 2017, with 160 keys already introduced in Q1 of this year.
- Plans for the expansion of Krabi International Airport are currently pending review, which includes upgrading of the two existing terminals and construction of a third, along with additional parking spaces.

TOURISM

Airline Indicators

- Total passenger arrivals at Krabi International Airport increased from 240,905 visitors in 2006 to 2.03 million visitors in 2016, translating into a 5-year CAGR of 33% and a 10-year CAGR of 24%, making Krabi one of Southeast Asia's fastest growing tourism markets.

10-Year Krabi International Airport Passenger Arrivals



Source: The Civil Aviation Authority of Thailand and C9 Hotelworks Market Research

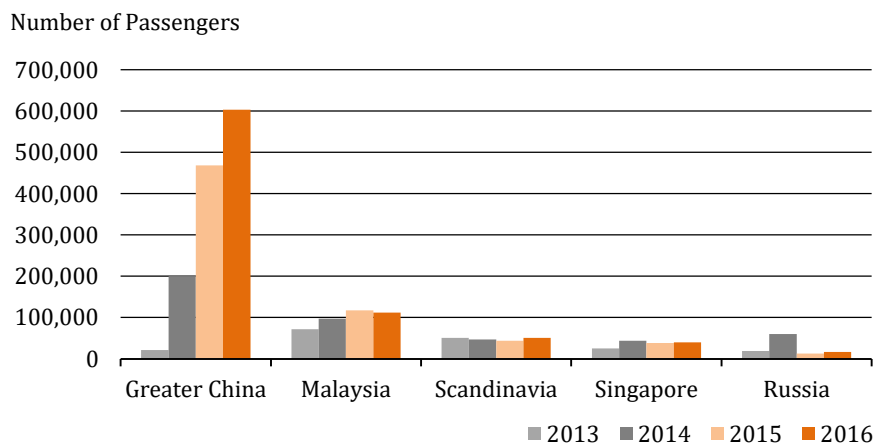
Top 5 International Connections to Krabi

- There were a total of 14,352 direct and connecting flights bound for Krabi International Airport last year, 27% of which departed from Greater China. International flights from SE Asian countries accounted for 13%, which were led by Kuala Lumpur, Singapore and Penang.

Top 5 European Cities	Top 5 Asian Cities	Top 5 Mainland Chinese Cities
1. Helsinki	1. Kuala Lumpur	1. Shanghai
2. Stockholm	2. Singapore	2. Chengdu
3. Copenhagen	3. Shanghai	3. Guangzhou
4. Novosibirsk	4. Chengdu	4. Tianjin
5. Gothenburg	5. Guangzhou	5. Wuhan

Source: The Civil Aviation Authority of Thailand and C9 Hotelworks Market Research

Top 5 Key Geographic International Source Markets



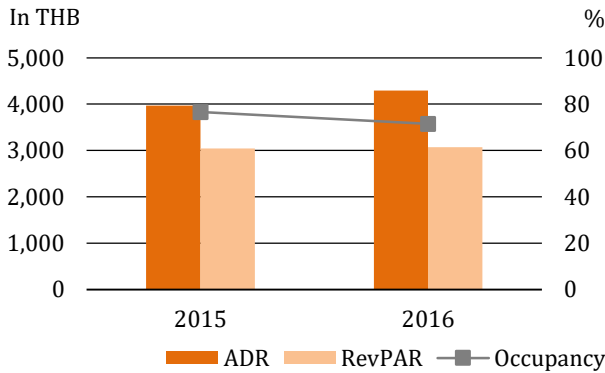
Source: Thailand Department of Tourism and C9 Hotelworks Market Research

Chinese arrivals via international flights increased 29% y-o-y, followed by Russian and Scandinavian with 27% and 17%, respectively

HOTEL MARKET

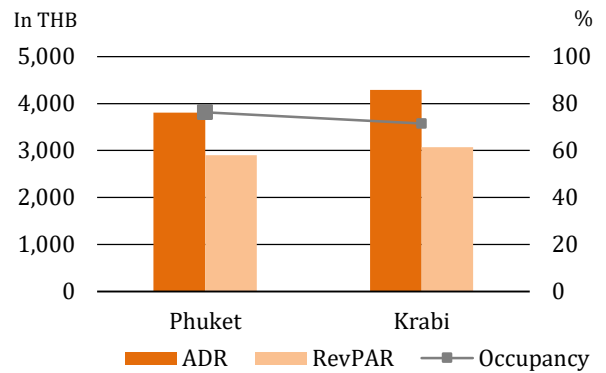
- Krabi's broad international standard hotel market for FY2016 outperformed that of Phuket in terms of market-wide ADR, which raised the overall RevPAR for the Province, according to STR.

Overall Performance



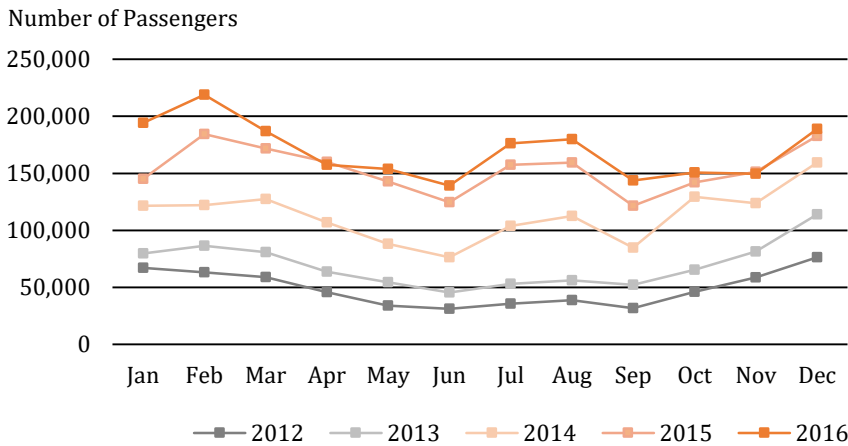
Source: STR

Phuket vs. Krabi Hotel Performance



Source: STR

Seasonality



Source: Thailand Department of Tourism and C9 Hotelworks Market Research

Best performing month shifted from December to February in 2015 and 2016 due to changes in visitor profile

Hotel Supply

- Registered accommodation establishments at year-end of 2016 totaled 502 properties with 19,905 keys. Non-registered accommodation represents a considerable portion of inventory in the market.

Hotel Name	Location	Keys	Opening Date
Phu Dahla Residences	Ao Nang	148	May 2017
Andakiri Pool Villas	Ao Nang	31	Q2 2017
Ava Sea Resort	Ao Nang	178	Q2 2017
Sugar Marina Cliff Hanger Phase II	Ao Nang	75	Jan 2018
Ao Nang Cliff Pool Villas*	Ao Nang	6	2019

*Additional keys for existing hotel

Source: C9 Hotelworks Market Research

Krabi 2016 Key Domestic & International Airlift By Region

WESTERN EUROPE

171 Flights

Key Feeders:

Finland: 79 flights (1 airport)
Sweden: 60 flights (2 airports)
Denmark: 32 flights (1 airport)

EASTERN EUROPE

60 Flights

Key Feeders:

Russia: 46 flights (13 airports)
Poland: 14 flights (1 airport)

GREATER CHINA

3,895 Flights

Key Feeders:

China: 3,553 flights (26 airports)
Hong Kong: 342 flights (1 airport)



SOUTHEAST ASIA

1,932 Flights

Key Feeders:

Malaysia: 1,205 flights (3 airports)
Singapore: 727 flights (1 airport)

THAILAND

8,239 Flights

Key Feeders:

Bangkok: 6,830 flights (2 airports)
Chiang Mai: 1,041 flights (1 airport)
Surat Thani: 368 flights (2 airports)

Source: The Civil Aviation Authority of Thailand and C9 Hotelworks Market Research. Flight Arrivals FY 2016.



HOSPITALITY CONSULTING

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