



asset management
& hospitality consulting

Phuket

Emerging Eastern European Market

April 2013

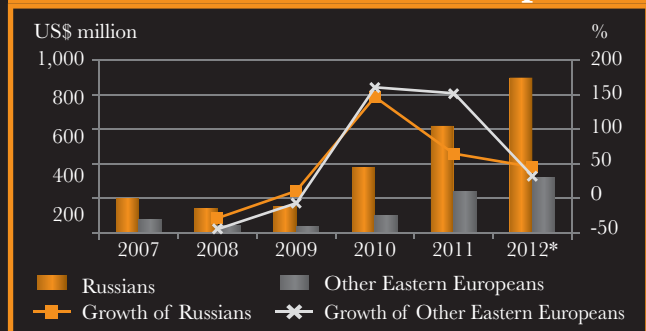
Eastern European tourists brought US\$1.2 billion to Phuket in 2012

Russians top market feeders contributing 74% of new market

“Over the past seven years, Eastern Europeans visiting Thailand have become tourism game changers. Starting in 2005, there were approximately 175,000 Eastern Europeans visiting the entire Kingdom. Fast forward to 2012 and the figure now tops 1.6 million. Two triggers of the skyrocketing growth were a visa exemption for Russians visiting the country starting in 2007 and a sustained economic explosion in the other Europe - the East.

With 42% compound annual growth over the past four years, the emerging market has grown six times in size since 2009. This rapid acceleration in the past few years has propelled it past the once dominant Western European and Australian segments. This shift is now strongly displayed in Phuket where mounting numbers of charter flights and tour buses are a constant reminder of a changing world.

Phuket Tourism Revenue Eastern Europeans



*Forecast

Source: Department of Tourism and C9 Hotelworks Market Research

There is little doubt that the new Phuket tourism economy is now highly leveraged by the mounting influence of Eastern European visitors. The rapidly changing tourism persona comes at a time when traditional markets continue to retract. This has triggered stress fractures in local infrastructure support and has created an ongoing controversy over the blending of cultures of the new East and the old West.

Bill Barnett, Managing Director, C9 Hotelworks

Market Trends

- Over 650,000 visitors from Eastern Europe visited Phuket in 2012, representing growth of 37% over the previous year.
- Key source markets from Eastern Europe are Russia, Poland, Hungary, Czech Republic and Ukraine.
- Average length of stay in Thailand for Russians registered at 14.75 days vs. 13.83 days for other Eastern European visitors.

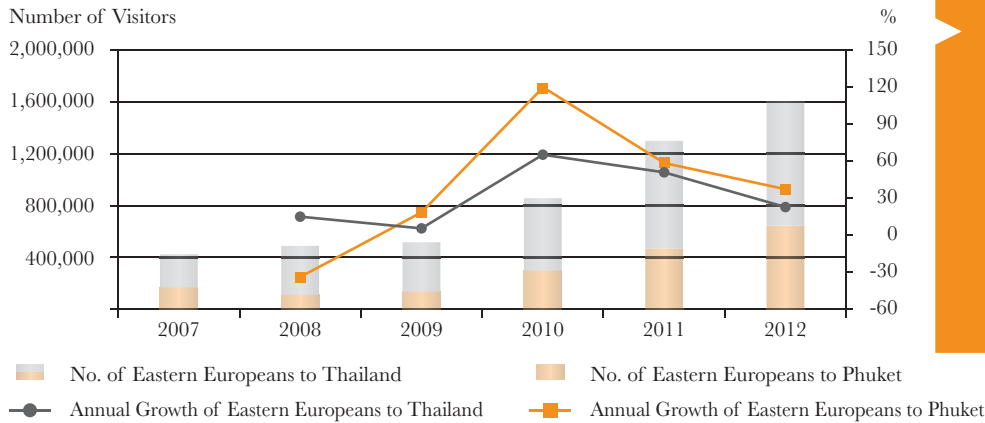
Market Outlook

- Exhibited demand in first quarter of 2013 is early indicator that business levels and growth are expected to further rise.
- Phuket retains a key advantage over Bali with relatively shorter direct flight time from major cities in Eastern Europe.
- Cyclical market maturation process expected to slowly see emerging travel segment flatten and wider spread of independent travelers.

Historical Trend of Eastern European Visitors

- In 2012, the number of Eastern European visitors to Thailand registered a record high of 1.6 million. This reflected a five year compound annual growth rate (CAGR) of 30% starting from 2007.

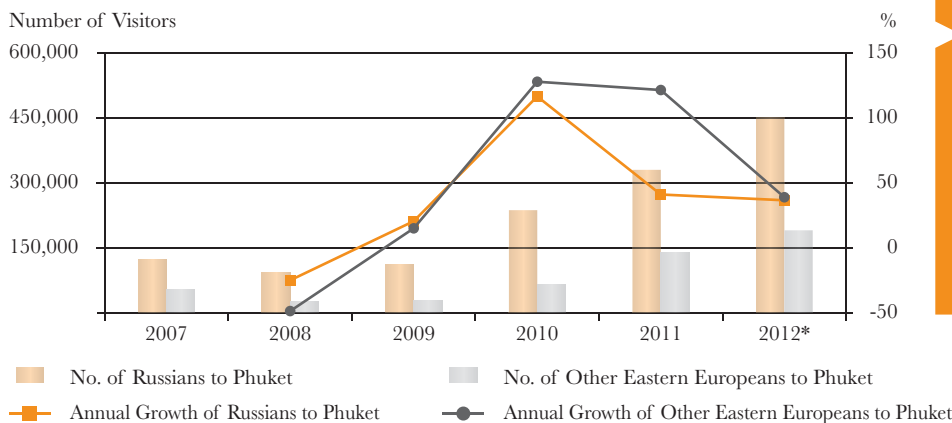
Eastern European Visitors to Thailand vs. Phuket



40% of Eastern European travelers to Thailand visited Phuket compared to 23% in 2008

Source: Department of Tourism and C9 Hotelworks Market Research

Number of Eastern European Visitors to Phuket



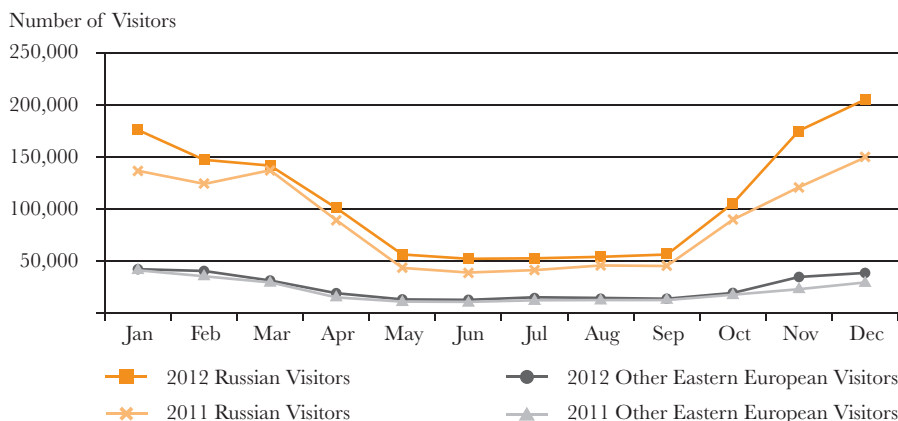
Russians were 75% of Eastern European visitors to the island

*Forecast

Source: Department of Tourism and C9 Hotelworks Market Research

Market Seasonality - Thailand

Eastern European Visitors to Thailand by Month



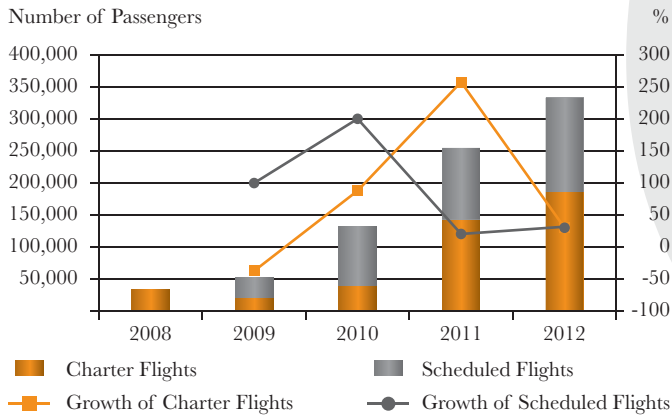
Highly seasonal travel pattern with 80% of total Eastern European visitors from October thru April

Source: Department of Tourism and C9 Hotelworks Market Research

Airline Indicators - Phuket

- Between 2008 and 2012, number of passenger arrivals from Eastern Europe via direct flights grew at a compound annual growth rate of 77%.

Scheduled vs. Charter Flights



Source: Department of Civil Aviation and C9 Hotelworks Market Research

Visitor Arrivals from Key Russian Cities



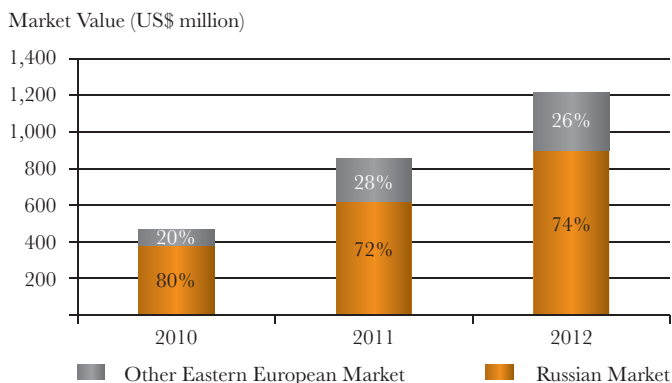
Source: Department of Civil Aviation and C9 Hotelworks Market Research

Charter flight passengers accounted for 56% of total in 2012

45% of total passenger arrivals flew from Moscow

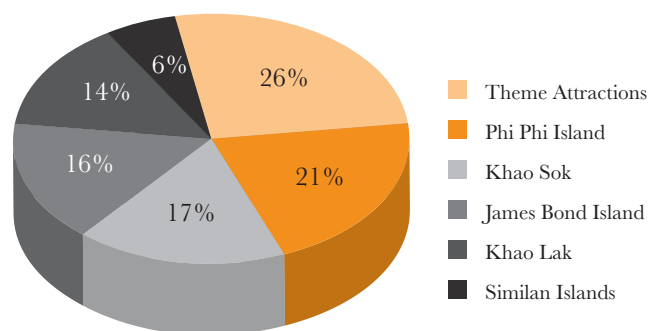
Other Key Market Characteristics - Phuket

Russians vs. Other Eastern Europeans



Source: Department of Civil Aviation and C9 Hotelworks Market Research

Most Popular Russian Day Excursions



Source: C9 Hotelworks Market Research

Tourism revenue from Eastern Europeans grew at 60% CAGR from 2010 to 2012

Marine trips captured 44% of visitor demand

CAGR – Compound Annual Growth Rate

About C9 Hotelworks



Bill Barnett
Managing Director

C9 Hotelworks is an internationally recognized consulting firm with extensive experience in the Asia Pacific region. Its core business focus includes:

- Ⓞ **Hotel and Resort Development**
- Ⓞ **Asset Management / Ownership Representation**
- Ⓞ **Project Feasibility and Analysis**

With key competencies include international hotel operator search, selection and contract negotiation, mixed use hotel and residential planning and operation reviews.

A wide range of both institutional and private developers and a comprehensive portfolio of completed projects give C9 the skill set and background to focus on key issues, evaluate complex ones and assist clients in achieving solid results. Based in Phuket, Thailand and led by Managing Director Bill Barnett, who has 28 years of experience in Asia Pacific, the firm is well positioned to serve an increasingly demanding marketplace.



The Source for all Hotel and Real Estate News
www.thephuketinsider.com



asset management
& hospitality consulting

C9 Hotelworks Company Limited

9 Lagoon Road, Cherngtalay,
Thalang, Phuket, 83110, Thailand

(Office located at the entrance of Laguna Phuket)

T: +66 (0)76 271 535

F: +66 (0)76 271 536

www.c9hotelworks.com
info@c9hotelworks.com