



HOSPITALITY CONSULTING

Samui

Hotel Market Update

February 2017

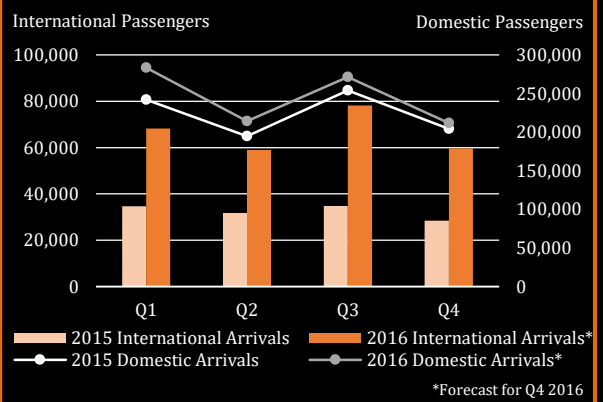
Strong arrivals trend from Mainland China shifts seasonality, as hotels gain from occupancy hike

Surat Thani Airport is the main gateway for midscale segment

“Total arrivals to Samui International Airport are projected over 1.2 million passengers in 2016. This is a substantial rise from 2015, with y-o-y growth of 22% last year compared to 7% the previous year. While domestic routes remain a key feeder of tourists to the island, the uptrend has been stimulated by an increase of international flight schedules and new codeshare routes. This has more than doubled overseas travelers whereas the domestic sector grew by 10%.

The surge in international arrivals was due to the accelerated growth of Mainland Chinese travelers, which increased by 61% from January through October of last year. This phenomenon has shifted the seasonality trend, with hotel operators now experiencing two peak periods in December to January and July to August. Market-wide occupancy also increased from 68% to 72% as a result of the expanding Chinese source market.

Domestic vs. International Airport Arrivals



Source: Samui International Airport and C9 Hotelworks Market Research

However, the impact of ‘Chinacation’ has not cut hotels’ average rates as the destination mainly attracts FITs. With steady growth of airlift to Surat Thani Airport, Samui is also expected to attract a broader market of midscale and upscale segments with pipeline hotels focusing on these tourists.”

Bill Barnett, Managing Director, C9 Hotelworks

Trends

- Flights from Singapore topped overseas passenger arrivals to Samui International Airport with 45% market share, followed by Hong Kong and Kuala Lumpur.
- Market-wide hotel average daily rate (ADR) for FY2016 for international standard properties was THB7,874 according to STR, which leads mainstream Thai destinations.
- Total passengers flying from Mainland China to Surat Thani make up 71% of direct overseas arrivals to the Provincial airport.

Forward Outlook

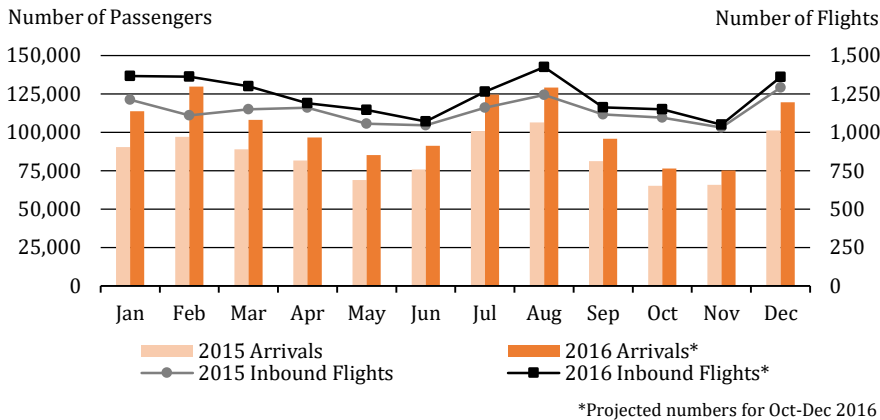
- Bangkok Airways plan to increase flights from Chengdu to daily service by Q2 2017, while the announced Chongqing route has been delayed due to technical factors.
- Current hotel pipeline to the island is 1,217 keys with most properties in the three- and four-star tiers, accounting for 66% of total incoming new supply.
- Expansion of Samui International Airport is now in the bid process for architectural design with a contract budget of THB1 billion.

TOURISM

Airline Indicators

- A total of 1,245,757 estimated passengers arrived at Samui International Airport last year on scheduled and non-scheduled domestic and international flights.

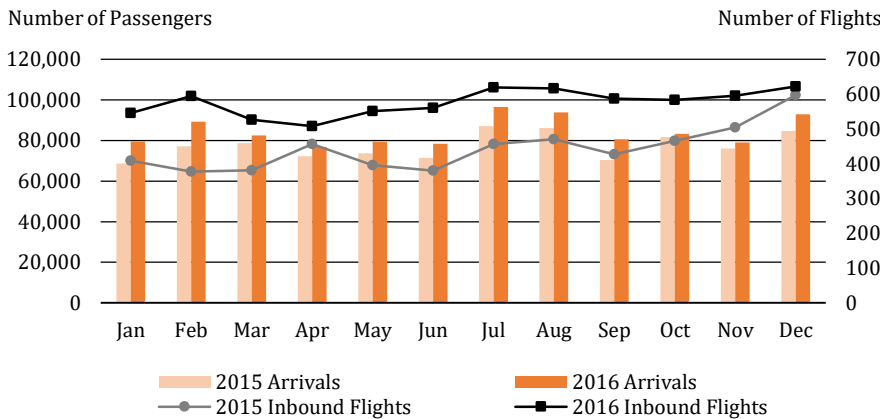
Samui International Airport Arrivals



Source: Samui International Airport and C9 Hotelworks Market Research

Passengers arriving on domestic flights represent 79% of total travelers

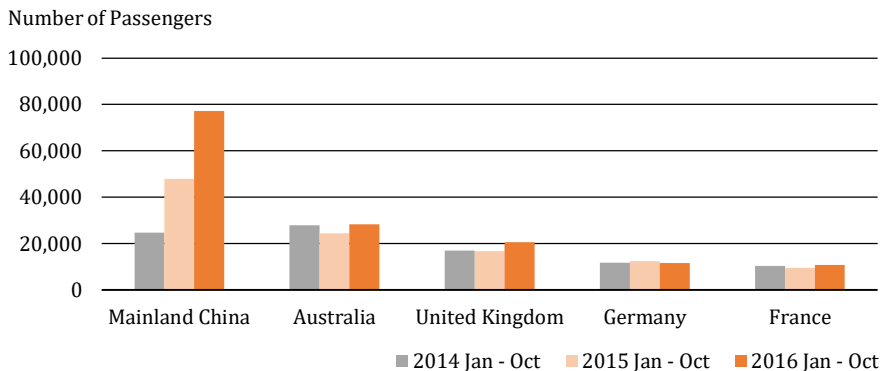
Surat Thani Airport Arrivals



Source: Thailand Department of Airports and C9 Hotelworks Market Research

Surat Thani Airport is becoming a major gateway to Samui, with inbound flights up 30% last year

Top 5 Key Geographic Source Market Trend



Source: Thailand Ministry of Tourism and Sports and C9 Hotelworks Market Research

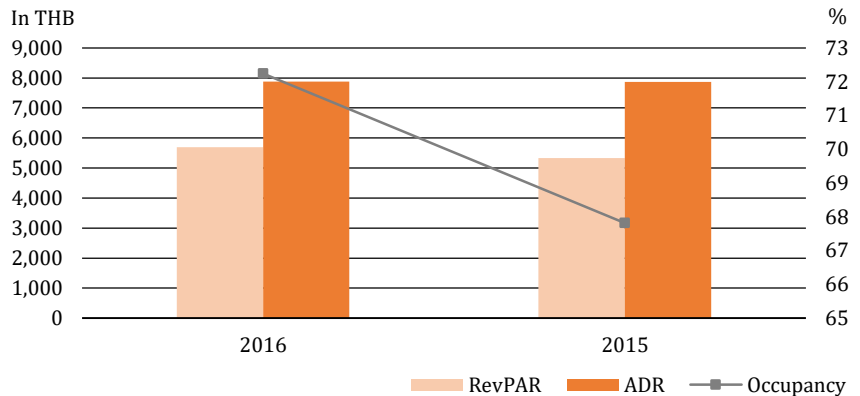
Mainland China represents 31% of market share, while Germany and France moved up in the Top 5 overseas source markets

HOTEL OVERVIEW

Hotel Performance

RevPAR increased by 6.62%, averaging THB5,688, as occupancy gained by 6.52% last year

Performance Comparison 2016 vs. 2015

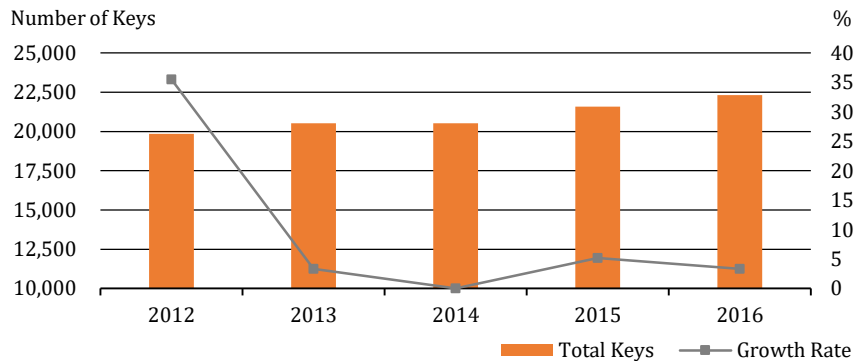


Source: STR

Hotel Supply

- Currently, Samui has a total of 593 tourist accommodation establishments with 22,309 keys as of 2016, which include both registered and unregistered properties. There are 654 keys expected to come on stream by 2017, with the highest concentration in Chaweng.

Hotel Supply Growth



Source: Thailand Ministry of Tourism and Sports and C9 Hotelworks Market Research

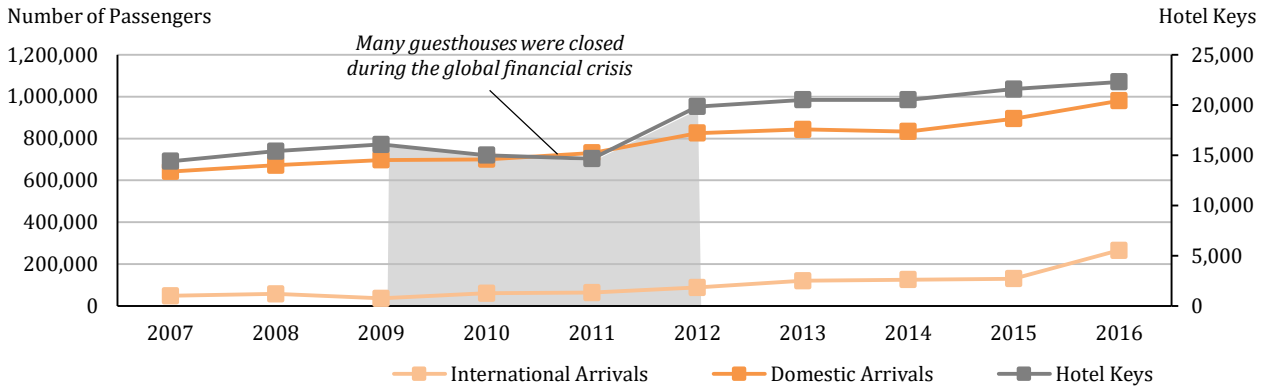
Hotel Name	Location	Keys	Opening Date
Holiday Inn Express Bophut	Bophut	200	Q4 2018
Holiday Inn Resort Bophut	Bophut	150	Q4 2018
The Library Koh Samui	Chaweng	20*	Jun-2017
Sala Chaweng	Chaweng	140	Q3 2017
COSI Hotel by Centara	Chaweng	150	Q3 2017
Ibis Style Samui	Chaweng	129	Q3 2017
The Park Island Resort	Chaweng	130	TBA
Sofitel So Samui	Choeng Mon	83	2019
X2 Vibe Samui Nautilus Residence	Plai Laem	40	Q2 2017
The Ritz-Carlton, Samui	Plai Laem	175	Jul-2017

*Additional keys for existing hotel

Source: C9 Hotelworks Market Research

Samui's Tourism: A 10 Year Perspective (2007-2016)

10 Year Growth in Samui Airport Arrivals & Hotel Supply



Supply and Demand Compound Annual Growth



▲ DEMAND
7%



▲ SUPPLY
5%

Growth in total passenger arrivals at Samui Airport

Increase in number of hotel keys

Chinese arrivals outranked Australians as the biggest international source market since 2015

How does Samui compare to other select Thai destinations?

1	2	3	4	5
Bangkok	Phuket	Chiang Mai	Samui	Krabi
138,186	81,727	33,593	22,309	19,467
<i>Hotel Keys (2016F)</i>	<i>Hotel Keys (2016)</i>	<i>Hotel Keys (2016)</i>	<i>Hotel Keys (2016)</i>	<i>Hotel Keys (2016)</i>

Data refers to hotel keys in registered and unregistered tourist accommodation establishments

Source: Thailand Ministry of Tourism and Sports and C9 Hotelworks Market Research



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