



HOSPITALITY CONSULTING

Koh Chang

Tourism Market Review

July 2019

Domestic tourism drives room night demand, while overseas trade shifts towards mass market

Limited accessibility is major roadblock for tourism growth

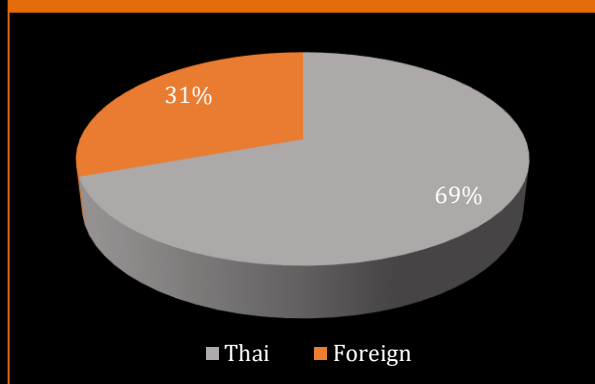
“As the main tourist destination in Trat, Koh Chang hosted approximately 1.29 million hotel guest arrivals at registered accommodation in 2018. This accounts for 99% of total visitor arrivals to the entire province. The market distribution between domestic and international demand has been stable for the past decade, with Thai visitors representing between 59% to 71% of total room night demand. The island is heavily reliant on the domestic segment due to limited international accessibility when compared to other popular Thai beach destinations such as Phuket and Samui.

Nevertheless, the tourism market has grown consistently since 2010 with the recovery of the economy after the global financial crisis. The CAGR from 2008 to 2018 for guest arrivals at registered accommodations averaged 8.2%. In the meanwhile, the international source market grew by 7.6% per annum, while the domestic market achieved a rise of 8.4% per year during the same period.

Trends

- Mainland China has the most significant uplift amongst overseas source markets, with y-o-y growth totaled 54% in 2017 (latest data), followed by the United Kingdom and Russia.
- FITs are the main demand segment for hotels with OTA sites as key booking channel, followed by group tours and wholesalers.
- Average length of stay for tourists is 2.9 nights, with foreign and domestic demand averaging 4.6 and 2.6 nights respectively. Long-stay overseas travelers often reside up to 2 months.

Thai vs. Foreign Tourism Demand



Source: Thailand Ministry of Tourism and Sports and C9 Hotelworks Market Research (2017 - latest available data)

Koh Chang is gaining in popularity in the Asian markets such as Mainland China. However, with transportation being the main barrier to entry, the island remains highly leveraged on domestic demand from tour groups and incentive travelers in the short to medium term.”

Bill Barnett, Managing Director, C9 Hotelworks

Forward Outlook

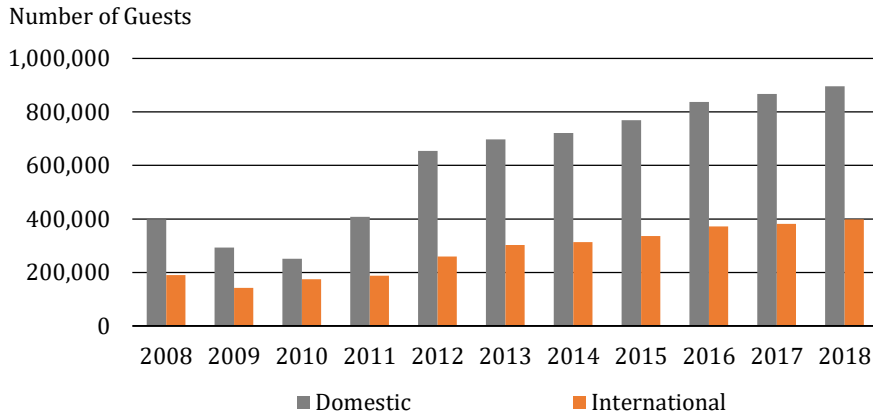
- The Emerald Cove Koh Chang is expected to rebrand to an international group by 2020, as recognizable hotel brands are expected to drive occupancy during low season periods. .
- Trat Airport announced plan for an extension of the existing runway with an investment totaling THB334 million.
- Construction of a new road at the southern tip of the island is currently under the government's development plan, which will make the east coast more accessible.

TOURISM OVERVIEW

Demand Indicators

Trat Airport recorded a total of 47,491 inbound passengers last year from 1,165 incoming flights, which accounts for approximately 4% of total guest arrivals at accommodation establishments on the island.

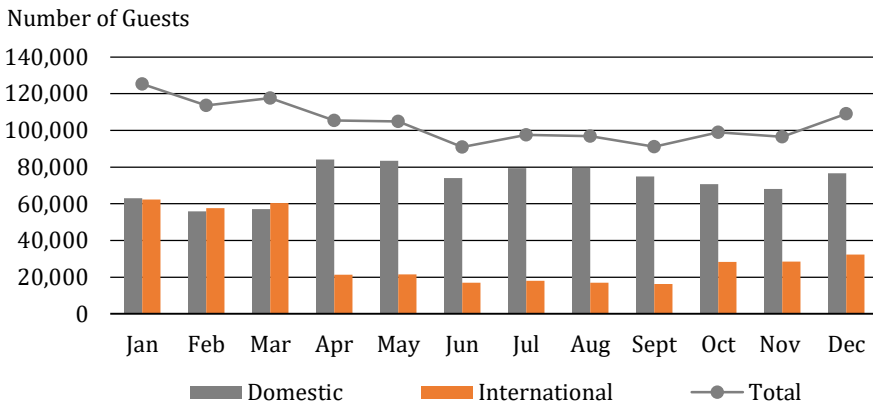
Guest Arrivals at Registered Accommodations Establishments in Koh Chang



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

For the past four years, tourist arrivals in Koh Chang accounted for 99% of total to Trat Province

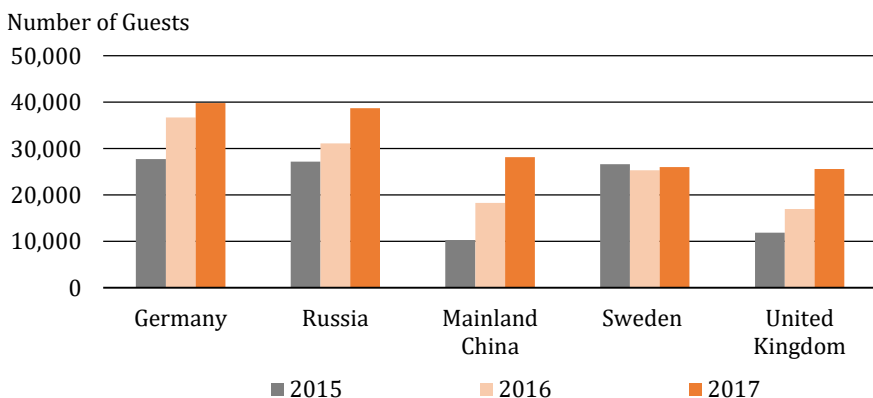
Seasonality (2017 - latest available data)



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

While domestic arrivals peaked during April and May, international segment highest at the beginning of the year

Top 5 Key International Geographic Source Markets



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

The top five international source markets account for 41.6% of total foreign guests

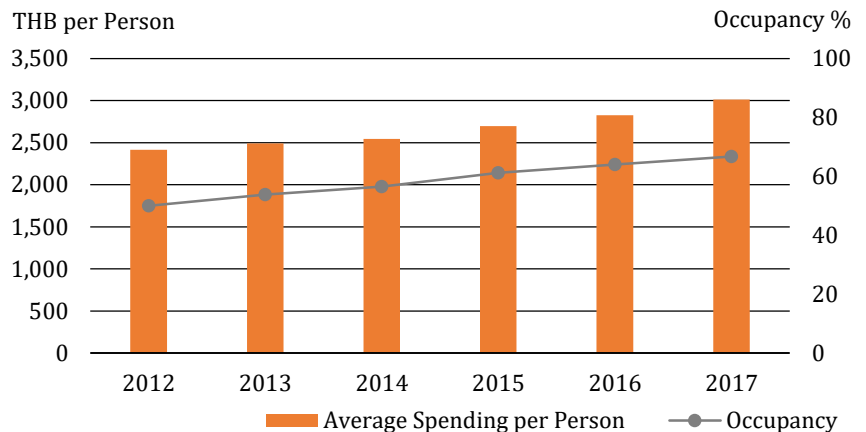
Hotel Overview

Hotel Performance Indicators

Hotel occupancies retreat by more than 50% during low season, ranging from 35% to 50% with heavy reliance on tour groups and corporate incentive travelers. However, hotels experience high levels of occupancy during peak periods, often exceeding 90%.

Tourist Average Spend & Market-wide Occupancy

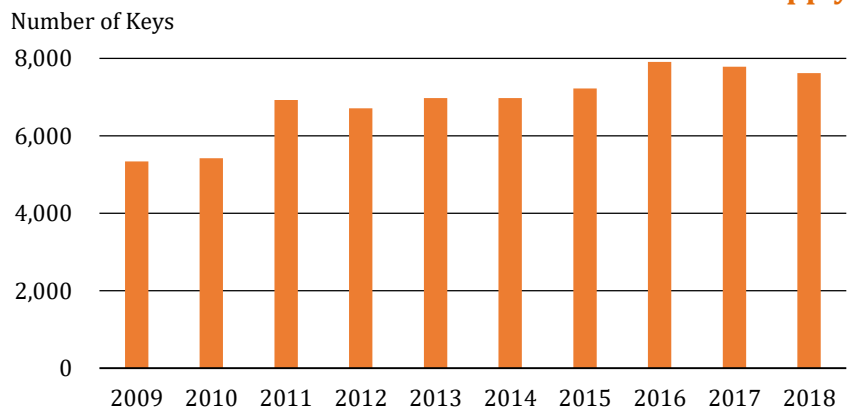
Market-wide occupancy of 67% with THB3,012 spend per person in 2017 (latest available data)



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

Ten-year increase in supply averaged 4% CAGR, with most properties located on west coast

Hotel Supply



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

Hotel Pipeline

As of end of 2018, Koh Chang had a total of 272 accommodations establishments with 7,617 keys. Current pipeline projects are expected to add another 92 keys to the existing supply. There is also a defined trends toward sustainable concepts and engagement of international hotel operators.

| Hotel Name | Location | Keys | Opening Date |
|-----------------------------------|------------------|------|--------------|
| The Chill Retreat | Kai Bae Beach | 38 | Q4 2019 |
| Santhiya Tree Koh Chang Resort* | Klong Prao Beach | 35 | 2019 |
| Chang Noi Condominium (Phase II)* | Klong Son Beach | 10 | 2020 |
| Unnamed | Klong Son Beac | 9 | TBA |

*Additional keys for existing hotel

Source: Koh Chang Municipality Office and C9 Hotelworks Market Research

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**

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 30 years of experience in Asia Pacific, the firm is well positioned to serve an increasing demanding marketplace.



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