

Hotel market update

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Pandox Capital Market Day

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This presentation may contain forward-looking statements. Such statements are based on our current expectations and are subject to risks and uncertainties that could negatively affect our business and results. Please read our most recent annual report and interim report for a better understanding of these risks and uncertainties.

Mega trends

**Brand
landscape
consolidation**

AirBnB

Bleisure

**Tech
service
content**

**Airlines
long-haul
LCC's**

**Over-
tourism**

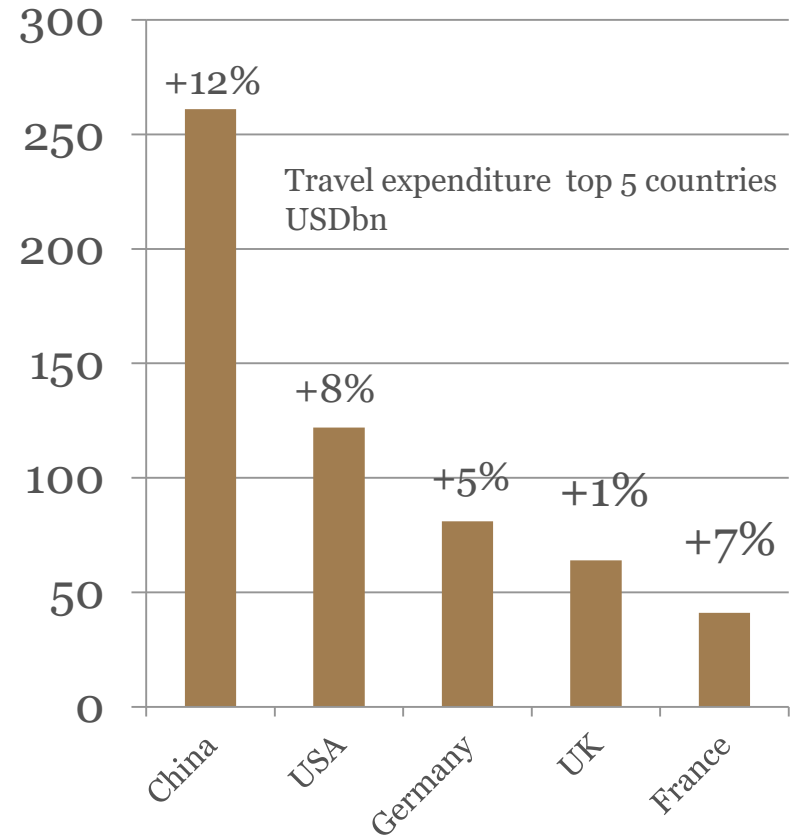
**Hybrid
hospitality**

**Chinese
travel
2nd wave**

International tourism 2016

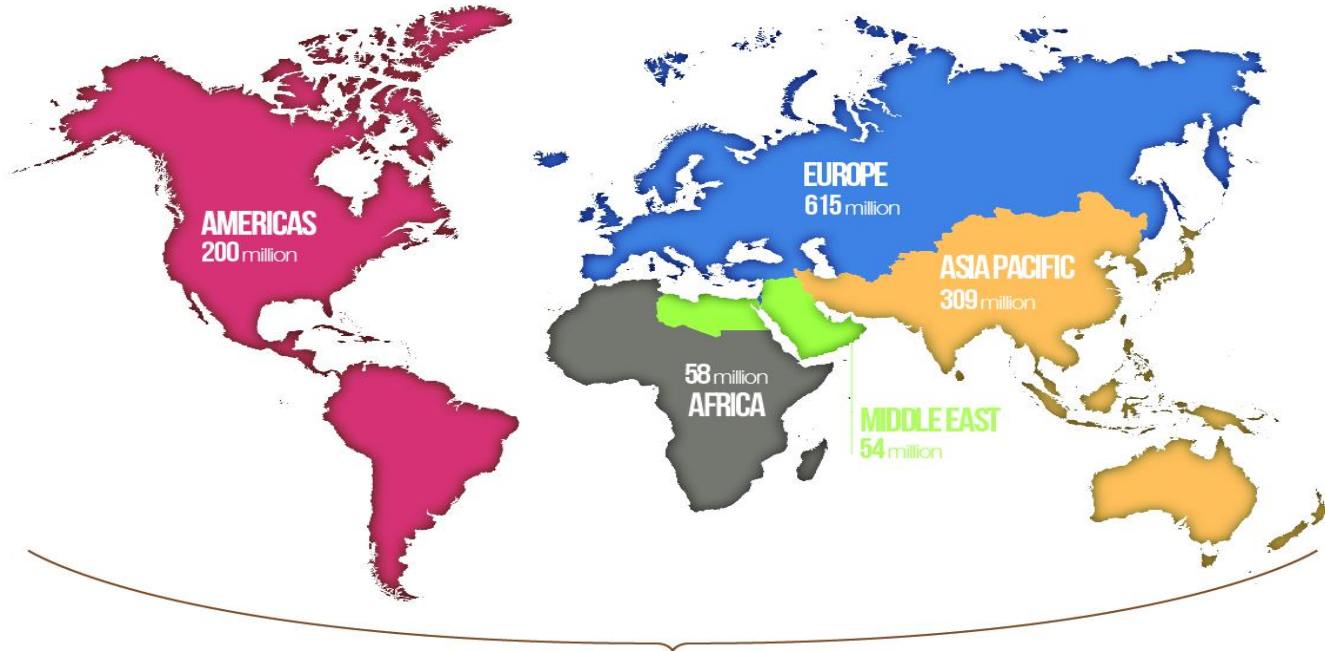
Strong appetite for international travel

- Sustained growth despite of security and safety concerns
- 7th consecutive year of growth following the financial crisis in 2009
- International tourist arrivals +4 percent (1,235 million in total)
- Europe +2 percent with a mixed result due to safety and security reasons
- Americas +4 percent, positive momentum continued



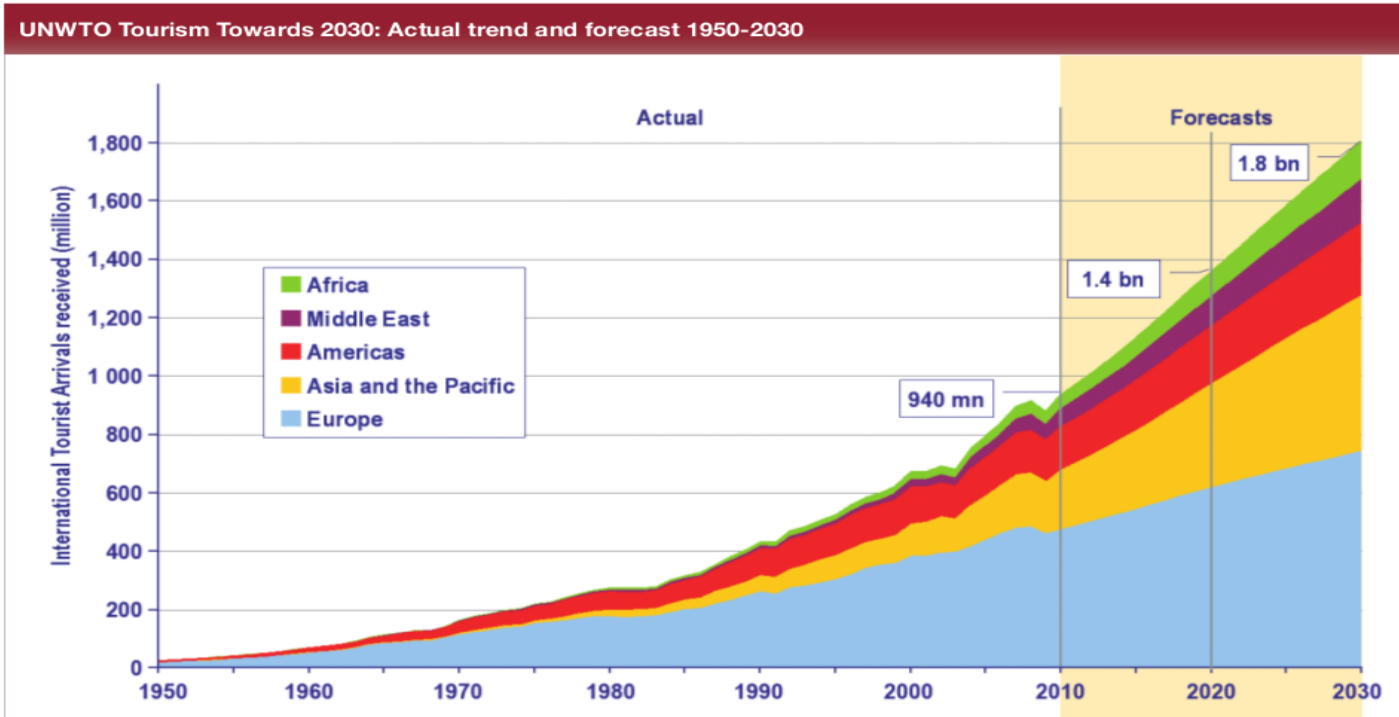
International tourism 2016

INTERNATIONAL TOURIST ARRIVALS 2016 (million)



WORLD: 1,235 MILLION

International tourism past and future



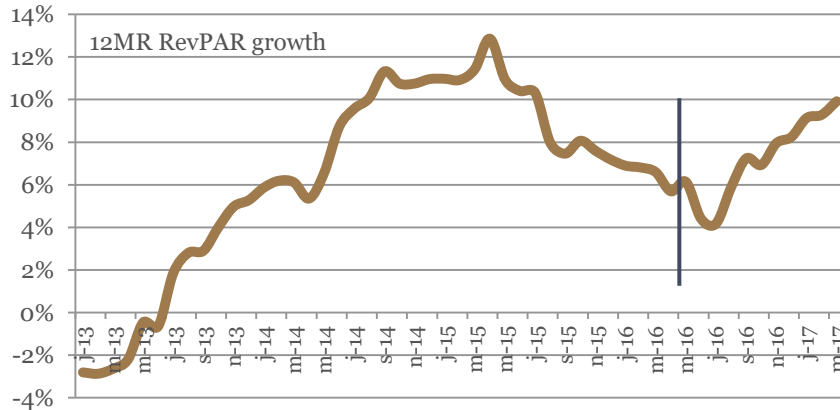
- 2017 forecast:
- World 3-4 percent
- Europe 2-3 percent
- Americas 4 percent

Market drivers

- Broad based firming of global growth – all major regions are growing
- Meeting segment – more attendees at trade fairs/conventions/meetings
- Corporate segment – grows with increased economic activity, high spenders
- Leisure segment – increased disposable income fuel leisure travel historically by a factor of 1.2x – 1.7x effect on demand
- More people entering the middle class with high propensity to travel
- Demand shifts to destinations with higher perceived safety and security profile

Market update Montreal

- Strong economy, lower unemployment and major infrastructure projects ongoing
- US and international arrivals continue to rise
- Supply currently muted, new and renovated supply will open coming 24 months



- Continuing growth prospects in the market

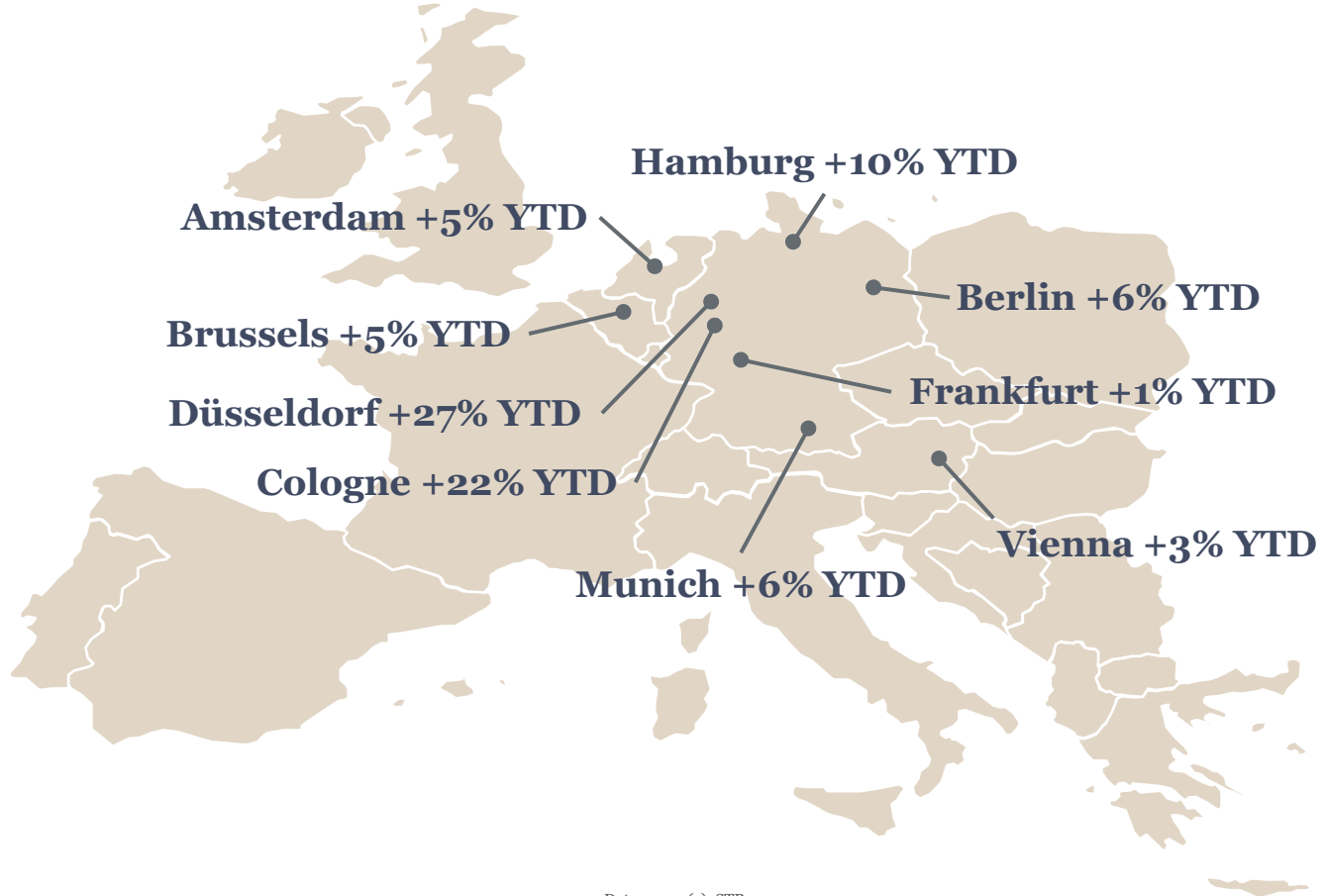


Data source(s): STR



Market update Pandox Europe

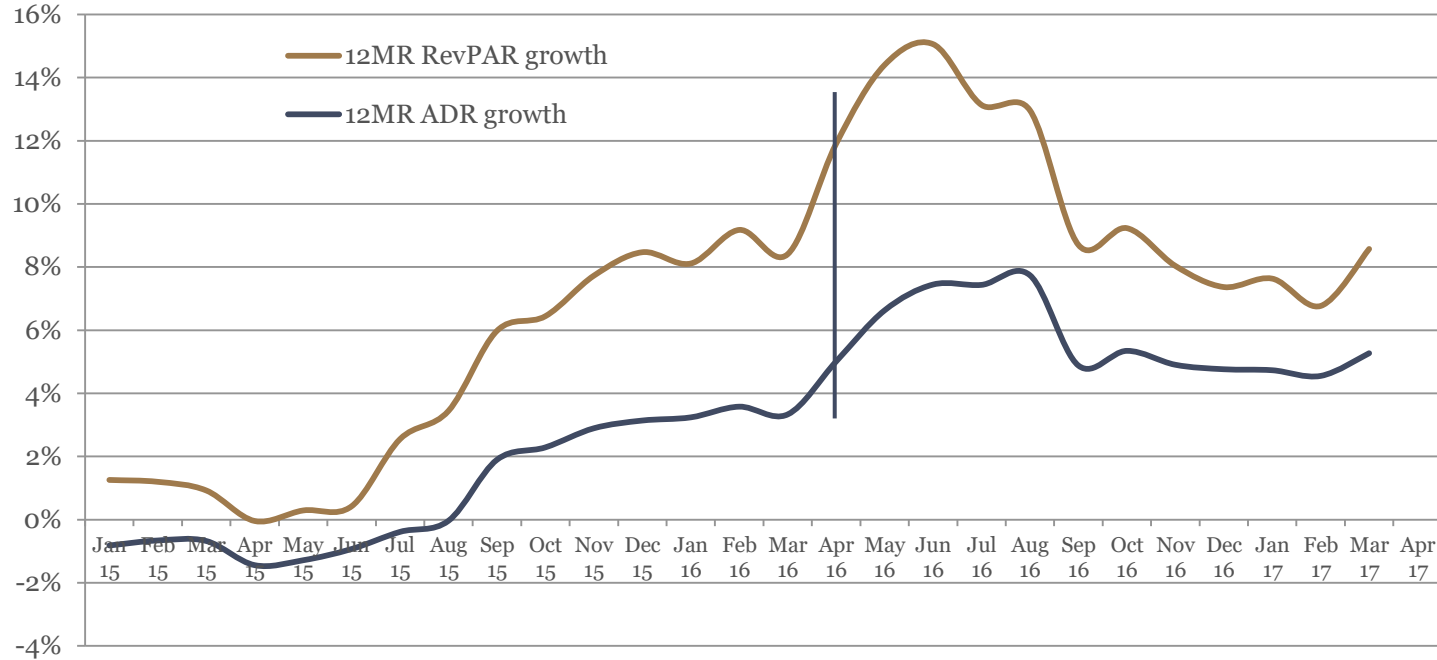
March 2017



Market update Stockholm

Positive momentum

Stockholm



Market update Stockholm

Positive momentum

- › Positive momentum in the market since summer 2015 driven by occupancy and ADR
- › Trend is slowing growth mainly due to increased supply in the market (+4 percent 12MR)
- › YTD March RevPAR +11 percent
- › Supply expected to continue to grow:
Bank Hotel, Elite Hagastaden, Comfort Hotel Kista, Motel L Älvsjö etc

Compression nights – Stockholm

Demand / Supply

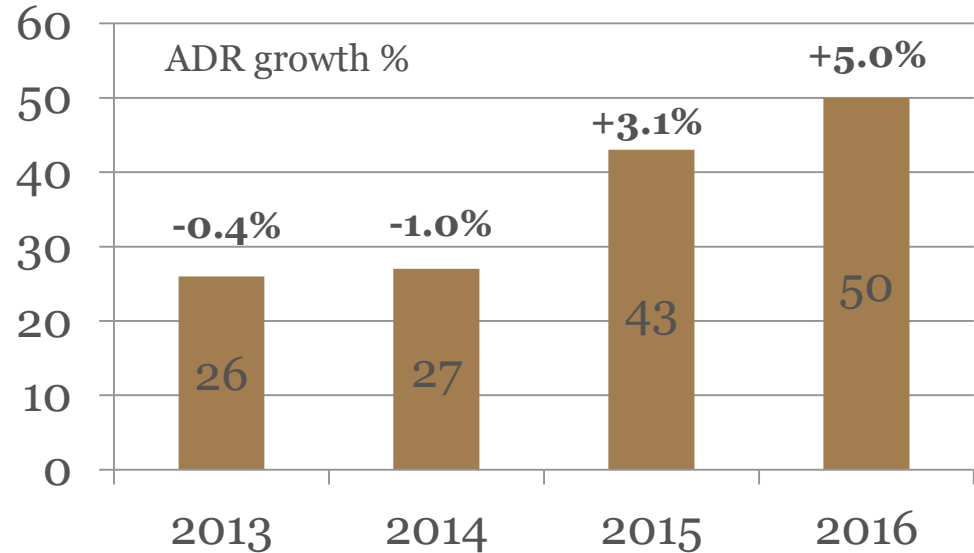


Occupancy



ADR

Compression nights

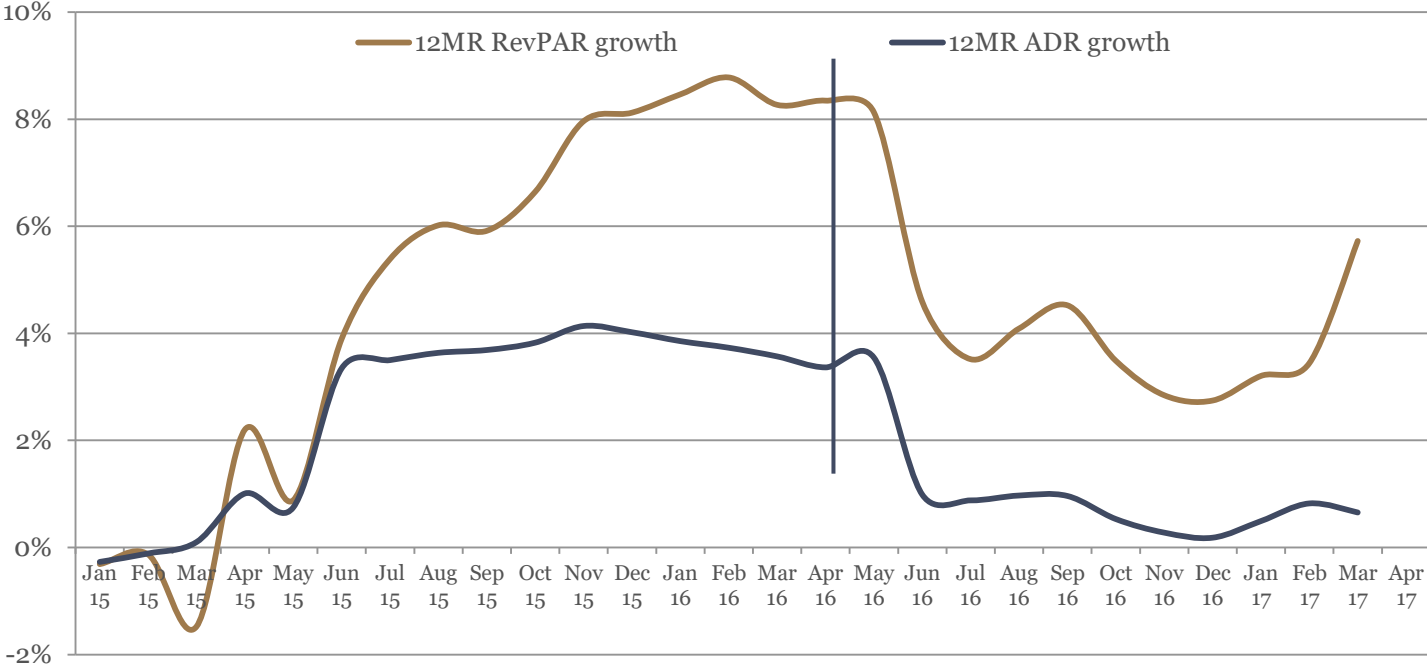


In a market with dynamic pricing compression nights (occupancy > 90%) gives the operator possibility to push their prices. Strong correlation between ADR performance and number of compression nights.

Market update Oslo

Stable performance

Oslo



Market update Oslo

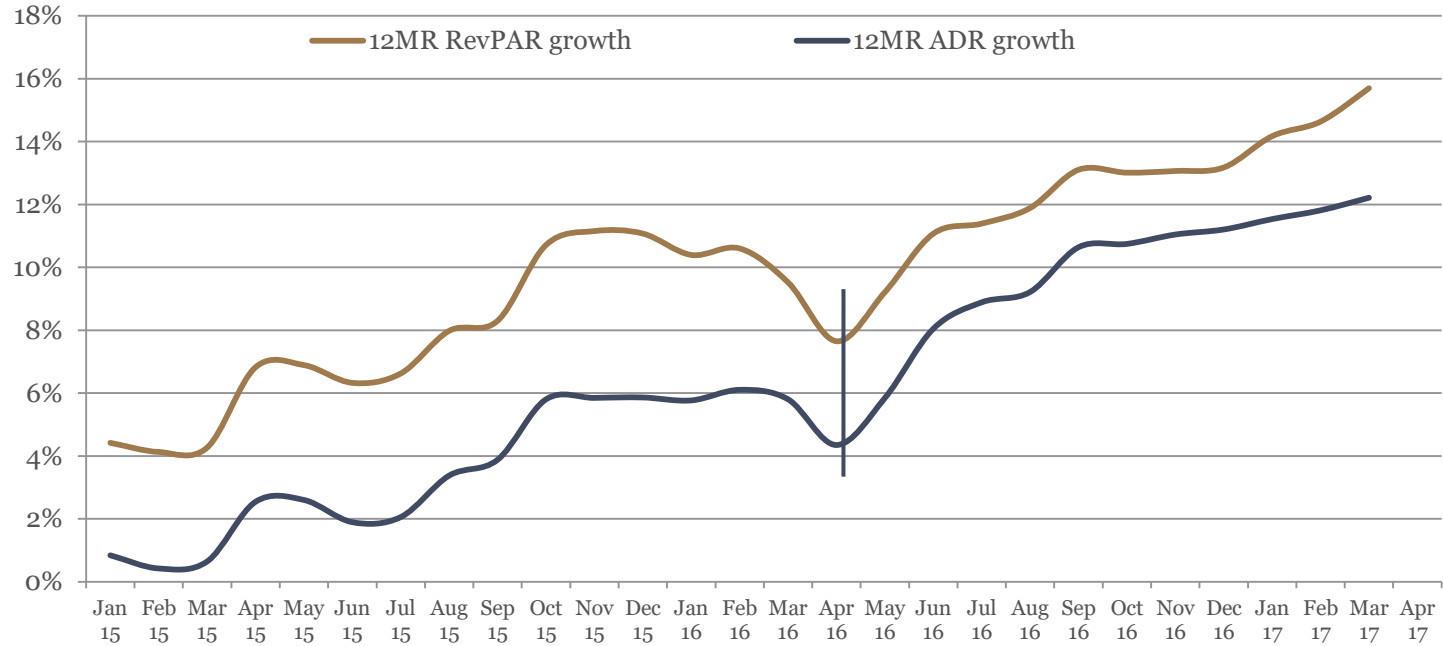
Stable performance

- Stable performance mainly driven by occupancy with weaker NOK
- YTD March RevPAR +15 percent
 - Available rooms down 4 percent (two major hotels closed for renovation), occupancy driver of growth
 - ADR remains flat despite occupancy increase
- Renovated supply expected to return 2018, limited other new supply

Market update Copenhagen

Strong RevPAR development

Copenhagen



Market update Copenhagen

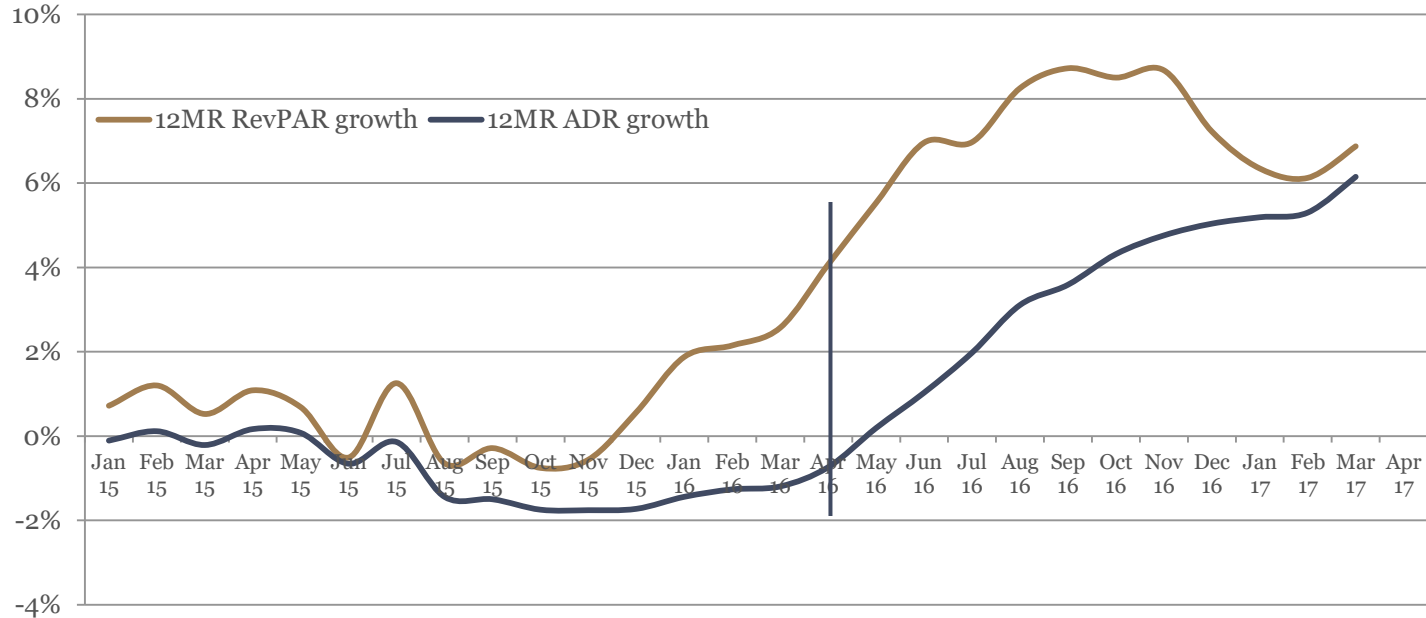
Strong RevPAR development

- › Strong RevPAR development since late 2011 from relatively low absolute levels
- › ADR currently main driver of growth
- › YTD March RevPAR +14 percent
- › 12MR occupancy at 80 percent gives rate growth
- › Expected supply growth of around 1,000 rooms 2017-2018:
Arp Hansen Hostel 280, Scandic Ködbyen 370, Cabinn Metro extension 530, Moxy 220

Market update Helsinki

Positive development on the back of economic recovery

Helsinki



Market update Helsinki

Positive development on the back of economic recovery

- Positive development since late 2015 now supported by higher economic activity
- A stronger Russian economy a positive for the Helsinki market
- ADR growth currently, RevPAR +5% YTD March
- Pressure on RevPAR expected at least short term due to two recent openings (Choice x2)
- Relatively limited supply expected 2017-2019 (~650 rooms)

Conclusions

- Promising growth outlook
- Broad based global growth supporting increased demand over all segments
- The industry is experiencing evolving times -> opportunities
- Good start Q1 2017
- Easter effect neutralised in Q2 2017

THANK YOU!