



Pandox™

Excellence in Hotel Ownership and Operations

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# Market trends Outlook 2015

Pandox Hotel Market Day 2015



# Macro – stable global economic outlook

- Global outlook: modest/fair
- The US : world's largest economy positive trend
- Eurozone: modest
- China: steady but slowdown risk
- Scandinavia: stable



# Hospitality Industry – the World's Largest Service Industry

## ➤ International travellers

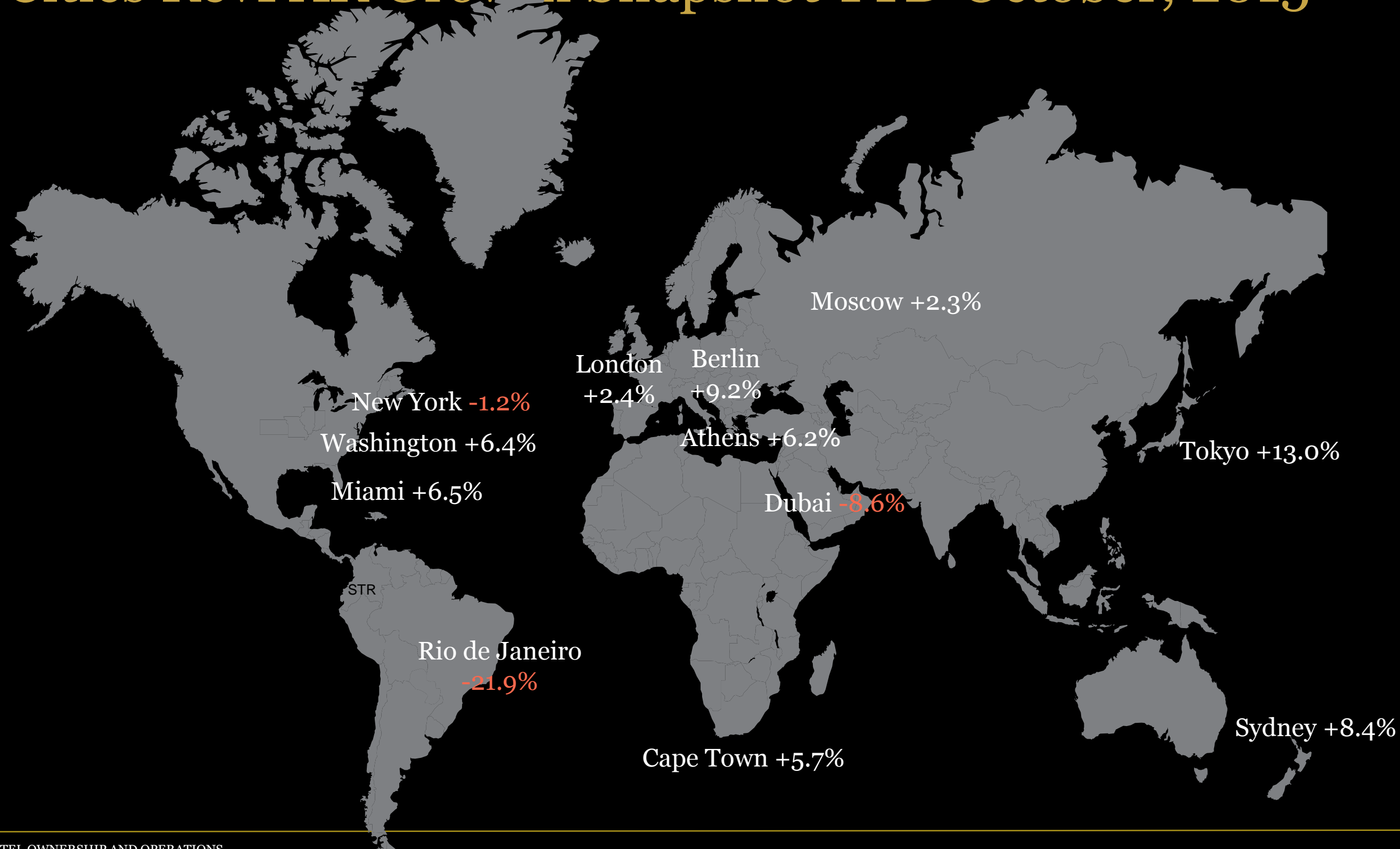
- 1950: 25 million international arrivals
- 2014: 1.1 billion international arrivals
- 2030: Forecasted to 1.8 billion international arrivals

## ➤ Travel tourism impact (2014)

- 2.4 trillion USD in revenue
- 9.8 percent of world GDP
- Directly employs 105 million
- Created 6.1 million new jobs (direct)
- Indirectly employs 277 million (1/11)

Source: UNWTO & WTTC

# Key Cities RevPAR Growth Snapshot YTD October, 2015



Source: STR



EXCELLENCE IN HOTEL OWNERSHIP AND OPERATIONS

# Travel Trends 2014 – 2015

## ➤ The US

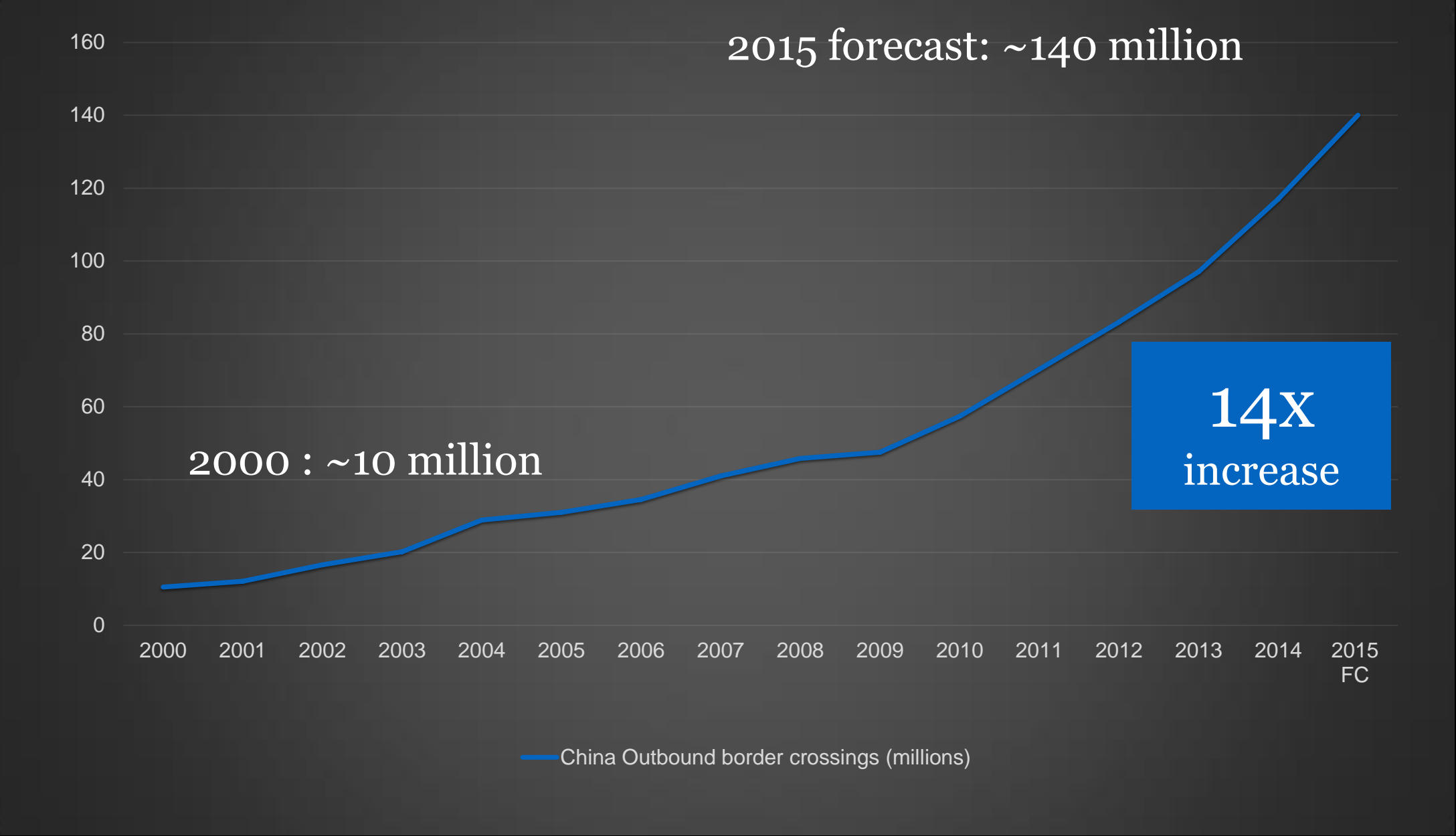
- 2014 a record year with +7 percent international arrivals
- 2015 stable growth
- YTD October 2015 RevPAR +6.7 percent, driven by a mix of volume and rate
- Key drivers: domestic and international demand despite a stronger dollar
- Increased outbound travel

## ➤ Travel tourism impact (2014)

- Europe, the largest hotel market in the world
- Accounts for 51 percent of world travel
- 2014 record year +3 percent international arrivals
- 2015 : increasing growth +5 percent YTD June
- Key drivers: intra-regional European demand, Asian and US demand

Source: STR & UNWTO

# China Outbound Travel Market 2000 – 2015



Source: COTRI, CNTA, CTA



# Travel Trends 2014 – 2015

## ➤ China

- Second wave of the “the Chinese traveller”
- Searching for genuine and niche experiences
- Niche market looking for “fresh air” and “clean nature”
- One day in Beijing equals smoking 40 cigarettes
- Demanding and time sensitive travellers but strong purchasing power

Source: STR & UNWTO

# Travel Trends 2014 – 2015

## ➤ Nordic and Russia

- Russia: decreasing demand due to politics and a decrease in purchasing power
- Nordics – currently strong growth across the region
- Increase in international leisure demand, part of global travel trend
- Largest segment, intra-Nordic, followed by European and international demand
- Experience travel:
  - Cruise line industry
  - Hurtigrutten including Svalbard – untouched nature – “see it before its gone”
  - Clean and safe capitals – becoming established tourist destinations

Source: STR & UNWTO



# New Supply

## ➤ The US

- 8 percent new supply under contract
- New York, Houston, Washington and Miami

## ➤ Europe

- 2 percent new supply under contract
- European new supply driven by four key countries
- UK, Russia, Turkey, Germany

## ➤ Asia Pacific

- 12 percent => 550K rooms under contract
- China accounts for 44 percent of rooms currently under construction

## ➤ Middle East / Africa

- 15 percent => 191K rooms under contract
- Dubai, Saudi Arabia and Qatar

Source: STR & MKG

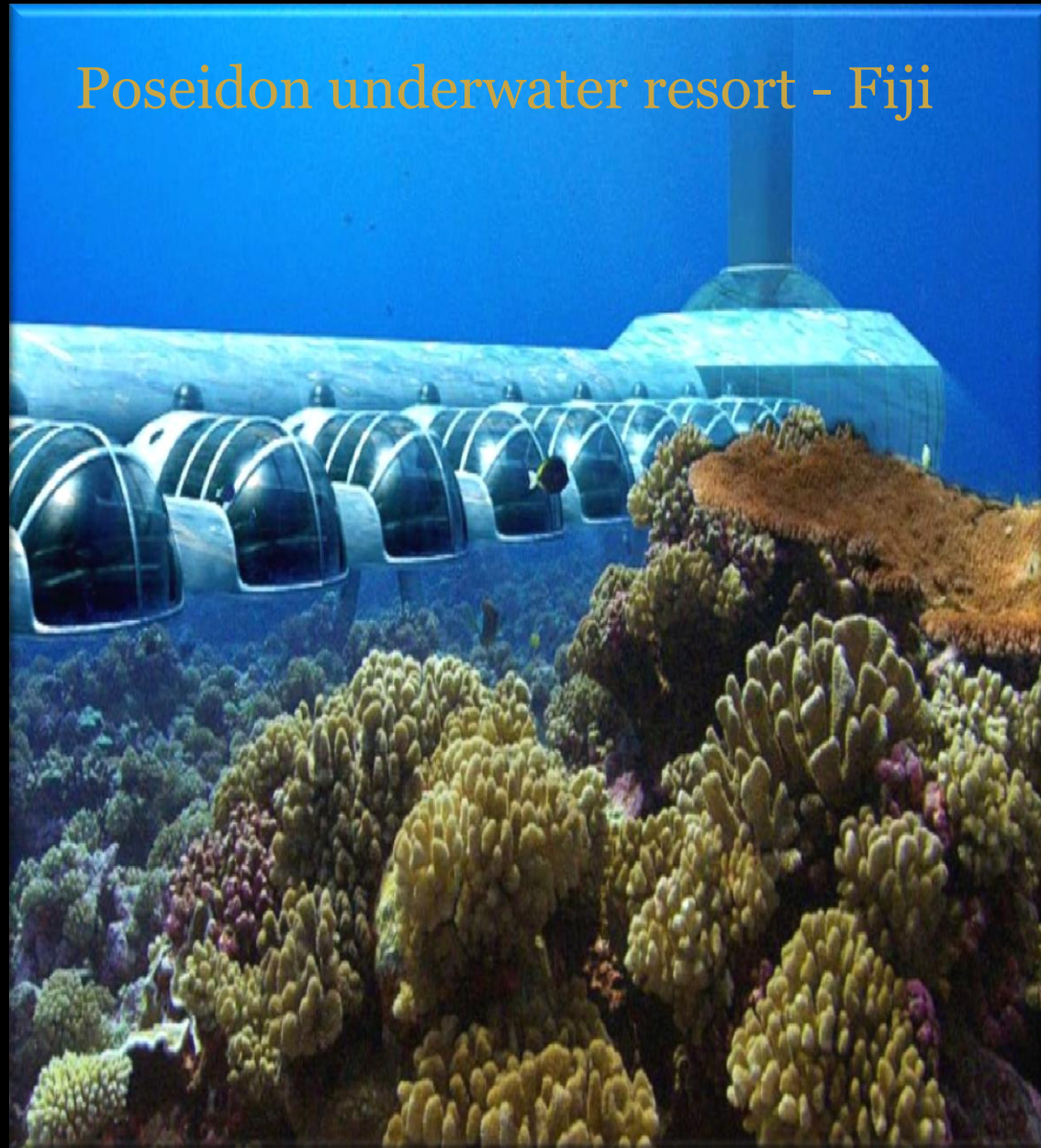
# Market Trends – Hotel Concepts

- New players entering the hotel market
- With new dynamic concepts which attracts investments
- Today more than 1,000 hotel companies with 5 hotels or more
- White label brands such as Autograph collection by Marriott, Luxury Collection by Hilton & Quorvos by Rezidor
- Hybrid Hotels – talking to the premium and hostel guest with one voice
- Ultra luxury – talking to the leisure traveler
- Change of order: budget hotels are trendsetters – self service check in, wifi, informal service – inspires premium hotels
- TIME is now SERVICE – guests chose when they want service
- F&B concepts that differentiates itself from the hotel

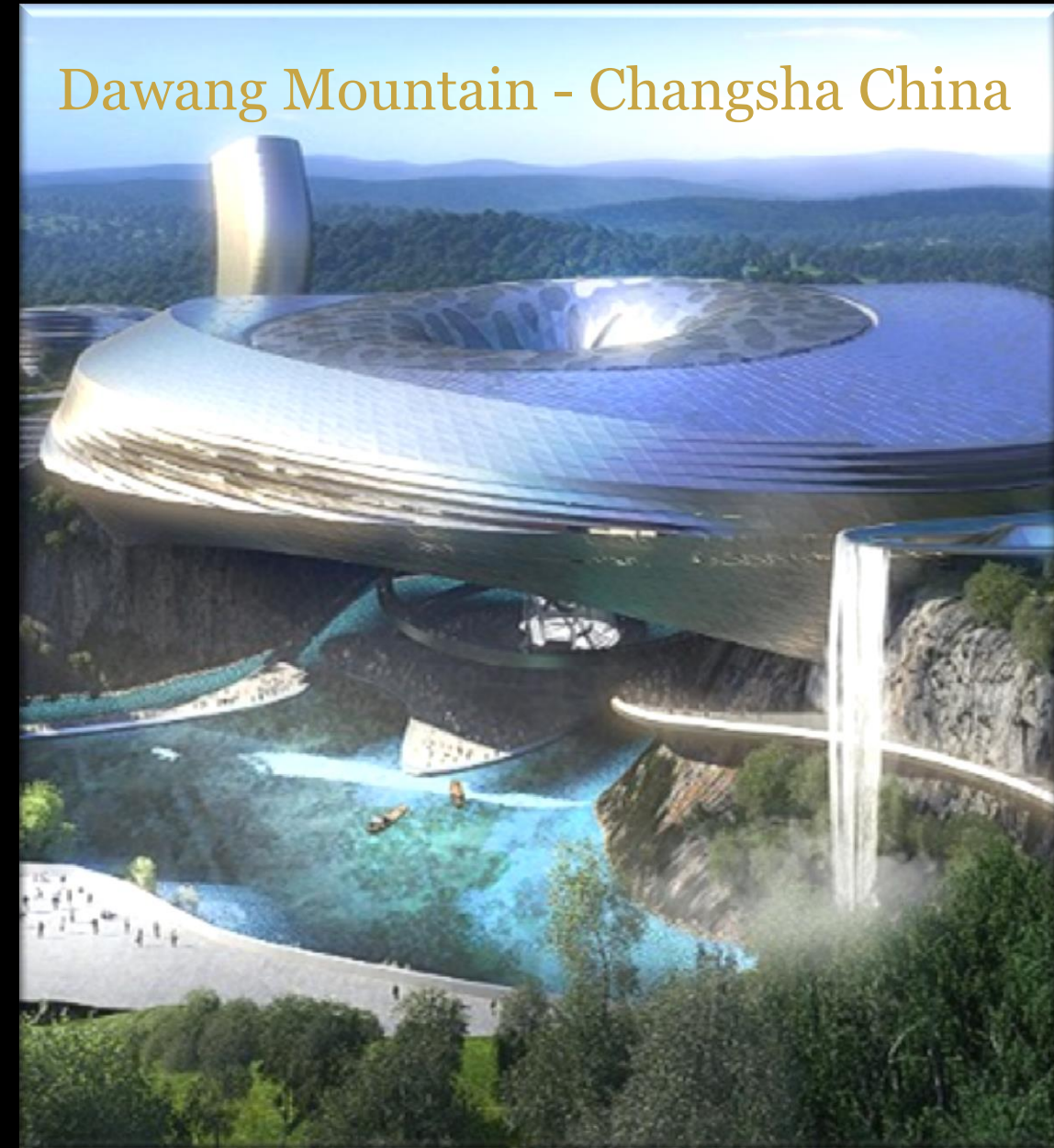


# Ultra Luxury

Poseidon underwater resort - Fiji



Dawang Mountain - Changsha China



# Travel Trends – Airbnb

- Largest distribution channel in the world – it's here to stay!
  - 34,000 cities, 190 countries except...
    - ...Syria, North Korea, Cuba and Iran
- Airbnb supply growth:
  - 2008 – a few thousand listings
  - 2015 – 1.5 million listings
- Airbnb listings during the 2014 World Cup 2014 in Rio increased from 800 to 17,000
- Airbnb helps destinations to not overbuild for a one-off event
- Airbnb challenges the hotel industry with a new and flexible product offering
- Airbnb is facing growing requirements to follow tax and security compliance similar to hotels



Zoku Amsterdam Airbnb inspired hotel

# Market Trends – Distribution and OTAs

- Online Travel Agencies - still gaining market shares
  - Approximately 95 percent of the market is controlled by Priceline and Expedia
  - Tripadvisor and Google – next OTAs?
  - OTAs help owners stay independent from major hotel brands...
  - ...but you need specialist knowledge
  - Better late than never, hotel companies have woken up and now invest in IT/distribution systems
  - OTAs are IT companies, but compete with hospitality companies
  - The hotel industry needs to combine...
  - ...IT knowledge and hotel knowledge to regain lost market shares



# Market Trends – Demographics

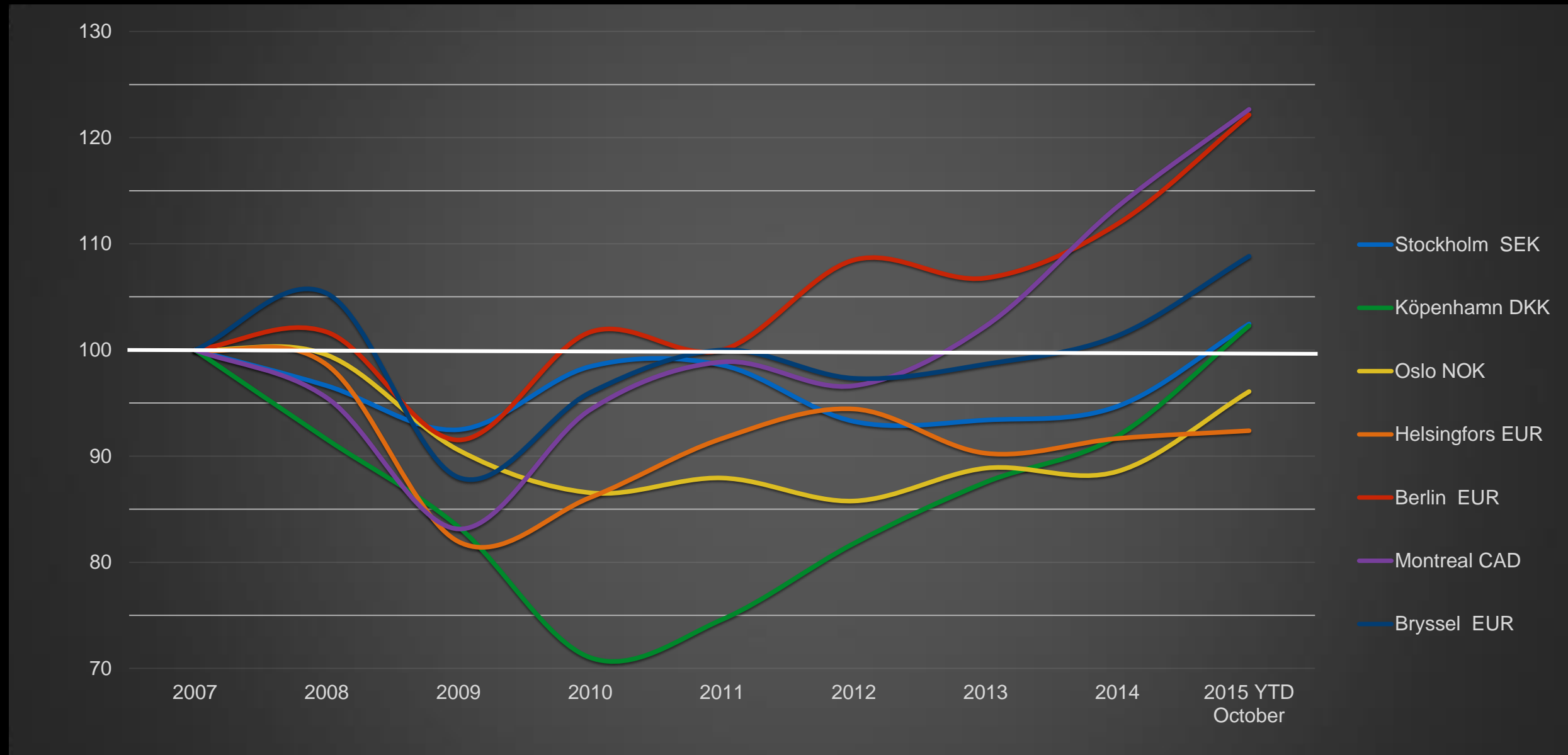
- Millennials (today 25-35 years) will be 75% of the global workforce 2030
- The Global guest – multi-diverse when it comes to, lifestyles, religion, ethnicities, interests and education
- How can the industry attract these guests?
- The female traveler:
  - One of the largest emerging markets/segments in the world
  - Influencing 85 percent of all purchasing decisions within a family (US)
  - Accounts for 58 percent of all online sales (US)
- Wellness travel/tourism:
  - Health awareness lifestyle – growing trend (12 percent annual growth since 2012) USD 500 billion market



H&M Commercial

# RevPAR Development – Pandox’s Key Markets

Annual indexed RevPAR growth 2008 – YTD October 2015



# USA/Can/Europe RevPAR Growth

\* In local currency, for comparable exchange rates lower growth is expected



# Scandinavia RevPAR Growth

# Pandox Hotel Market Outlook 2016

- The strong market growth in 2015 will lead to a deceleration in market growth rates in 2016. We expect stable market conditions with single-digit market growth, in the lower range, in Pandox's key markets in 2016.
- USA (gateway cities): Stable to moderate growth
  - Key driver: Solid economic activity and domestic demand
- Canada: Moderate growth
  - Key driver: Strong US dollar and intra-regional demand
- Euroland: Stable growth
  - Key driver: Economic activity, intra-regional and international demand
- Scandinavian capitals: Stable growth
  - Key driver: Stable economic development, domestic and intra-regional demand
- Sweden: Stable growth
  - Key driver: Stable economic development, domestic and intra-regional demand

Source: Pandox