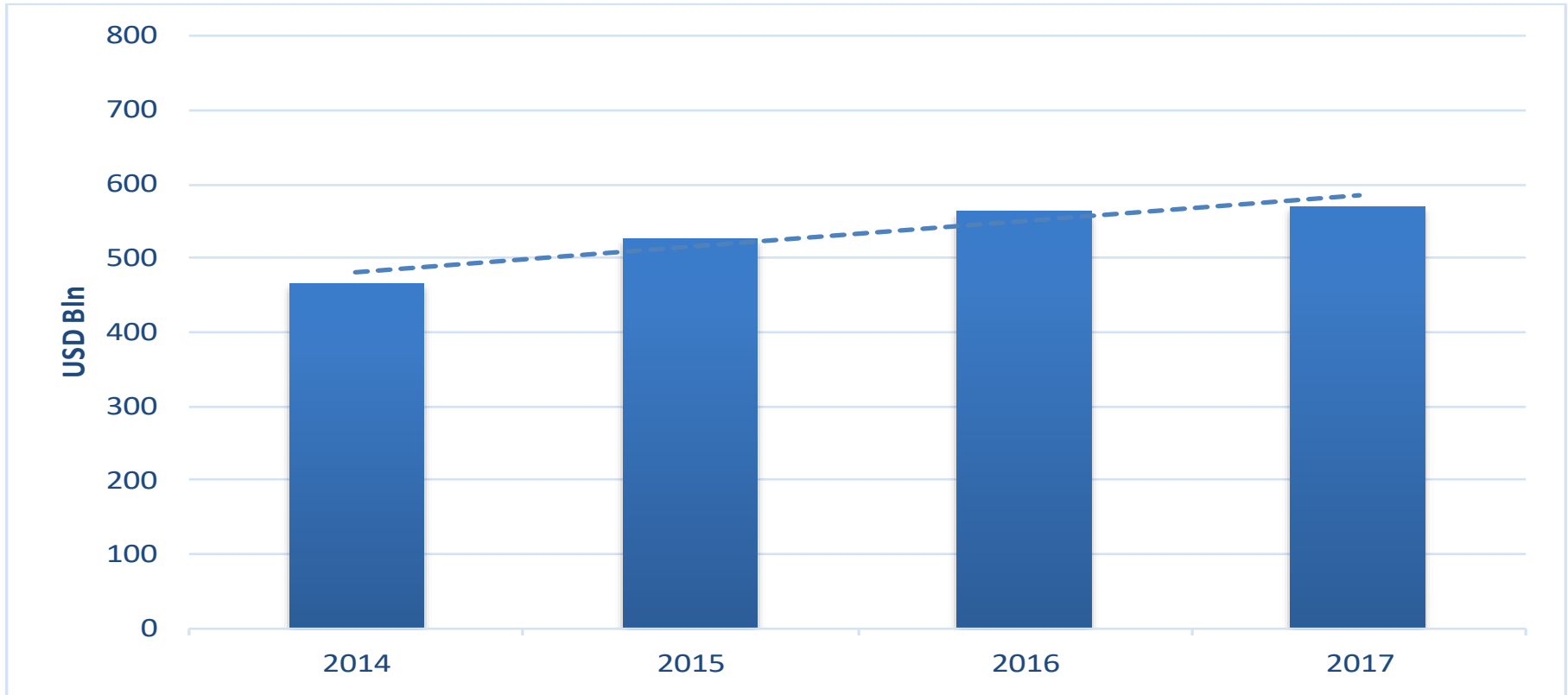


Hotels & Retail Industry

An Overview

May 2018

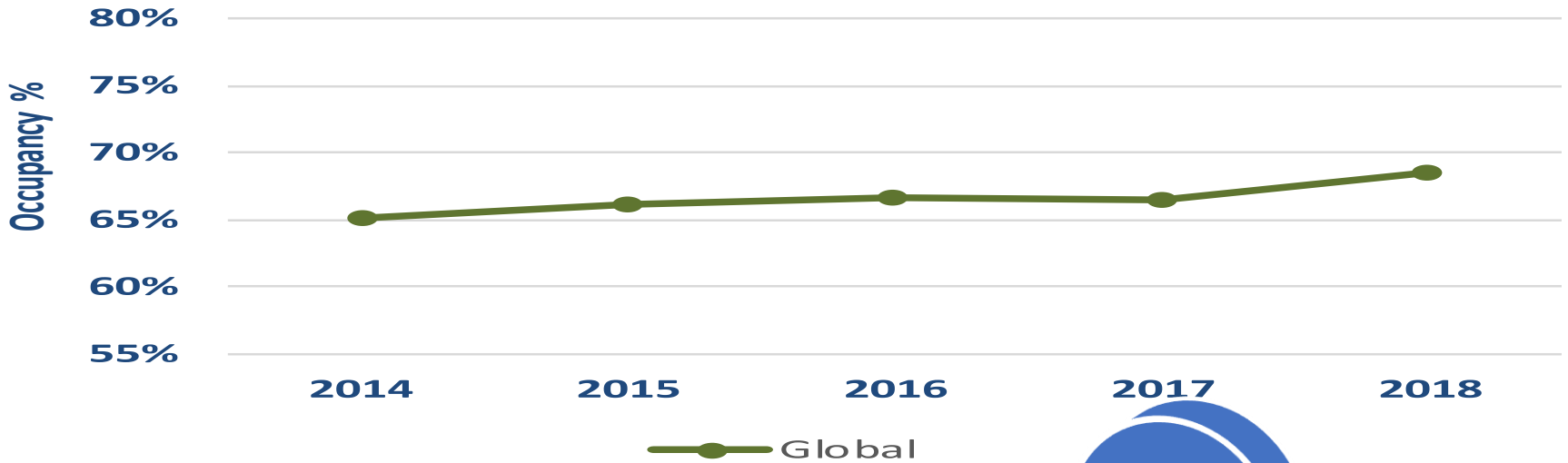
Global Hotel Industry| Size & Growth



- The Global hotel industry witnessed decent rate of revenue growth mainly emanating from Europe & Asia-Pacific
- Revenue registered a CAGR from 2014 to 2017 of ~ 4%
- Total revenue of the hotel industry in the USA alone is estimated at \$200 Billion in 2018

Global Hotel & Retail Industry | Growth Trends

Global Occupancy Rates



Last four years indicates that Europe leads in terms of Hotel occupancy rates, with an average of 73% followed by Asia Pacific with 71% and Americas and Middle East/Africa at 65% and 63%.

The increase in Global average occupancy rates emanates from Asia Pacific and Americas (Latin & North).

2019

Average Occupancy Rates In Jan- Feb 19 decreased to ~63%

Major decrease is witnessed in the month of Jan across all regions

Global Hotel Industry | Average Daily Rates

Outlook 2019



Global hotel rates increased at an average of ~2.4% from 2014 to 2017 and are estimated to have increased by ~3.7% in 2018.

Global hotel rates will increase by 1% to 3% in 2019 as demand growth remains just ahead of supply in most markets.

But some countries within these regions will still see much stronger increases, such as India, where a 6% to 8% rate increase forecasted.

Leading Hotel Companies Worldwide

- Global hotel chain, Wyndham Hotel Group, leads the ranking of the top hotel companies by number properties. As of Jun '18, Wyndham accounted for ~9,000 units in its worldwide portfolio, which ranged from economy to upscale accommodation.

- Choice Hotels International and Marriott International, came in second reporting ~6,900 and ~6,500 properties, respectively.



as of June 2018, by number of properties

Domestic Hotel Industry | Snapshot



- Monopolistic market with concentration among a few players
- Recent geopolitical scenario in conjunction with economic slowdown has impeded industry growth in 9MFY19.
- Small motels and guest houses spread throughout the country due to their affordable rates
- Market segmentation implemented by major players through small hotels set up across the country

- Average Growth rate of the Hotel Industry stood at ~5%
- Rooms have witnessed a ~3.5% growth over the past five years



Major Players in Pakistan:

- ❖ Pearl Continental
- ❖ Marriott Hotels
- ❖ Avari Hotels
- ❖ Sarena Hotels
- ❖ Nishat Hotels
- ❖ Movenpick Hotel
- ❖ Ramada Hotels

Domestic Hotel Industry | Snapshot

Hotel	No of Rooms	Operational Cities
Pearl Continental	1526	6
Avari	508	2
Serena	828	8
Hotel The One	632	16
Marriott	505	2
Movenpick	407	1
Nishat Hotels	261	2

Revenue mix split between room revenue and food & beverage income, with a slight inclination towards room revenue

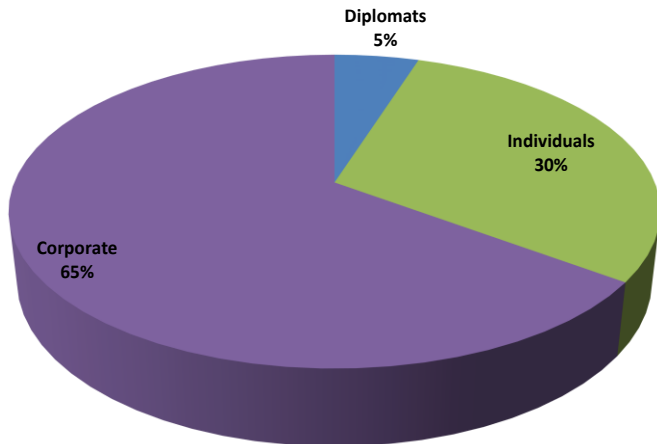
Corporate customers account for the highest share in room revenue

Improving security conditions have led to improved occupancy rates

High reliance on imported food items make segmental margins susceptible to external dynamics

CPEC led growth has augmented industry growth, with promising future prospects

Domestic Hotel Industry | Revenue Mix



Upcoming Major Projects

Two new projects namely PC Multan and PC Mirpur Azad Kashmir are expected to come online by the end of the 2019

Swiss International and Unicorn Prestige signed Franchise Agreement for the luxury hotel, Royal Swiss Lahore. With 350 rooms and suites, the hotel is was scheduled to open its doors in 2019.

Hotel Industry | Outlook

- Pakistan's domestic hotel industry has witnessed a major turn around over the past five years owing to an improved law and order situation, with growth being registered in occupancy rates and average daily rates.
- Recent geopolitical tensions and economic slowdown through a weakening domestic currency, widening fiscal imbalance and rising inflationary pressures are expected to hamper growth for the industry
- Going forward, high interest costs and depressed market conditions may negatively affect margins and profitability of industry players. Meanwhile, planned expansion activities might be curtailed in the near future.

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