



COVID-19 hotel performance update

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Agenda



1. Global impact of COVID-19
2. Impact on Europe and deep-dive on
 - United Kingdom & Ireland
 - Germany
 - Central & Eastern Europe
 - Italy
 - Spain
 - France
3. Recovery scenarios & conclusions



Some very important
points to start with

#1 Coronavirus represents an unprecedented challenge for us all

We share your concern and we are here to work through this with you



*“You must never confuse the faith that you will prevail in the end
– which you can never afford to lose –
with the discipline to confront the most brutal facts of your
current reality, whatever they might be.”*

Jim Stockdale – Admiral and prisoner of war

#2 Much is still uncertain... but it is certainly worse than we hoped

The virus is now a pandemic... much will depend on how long it remains one



#3 We at STR can never give guidance on price

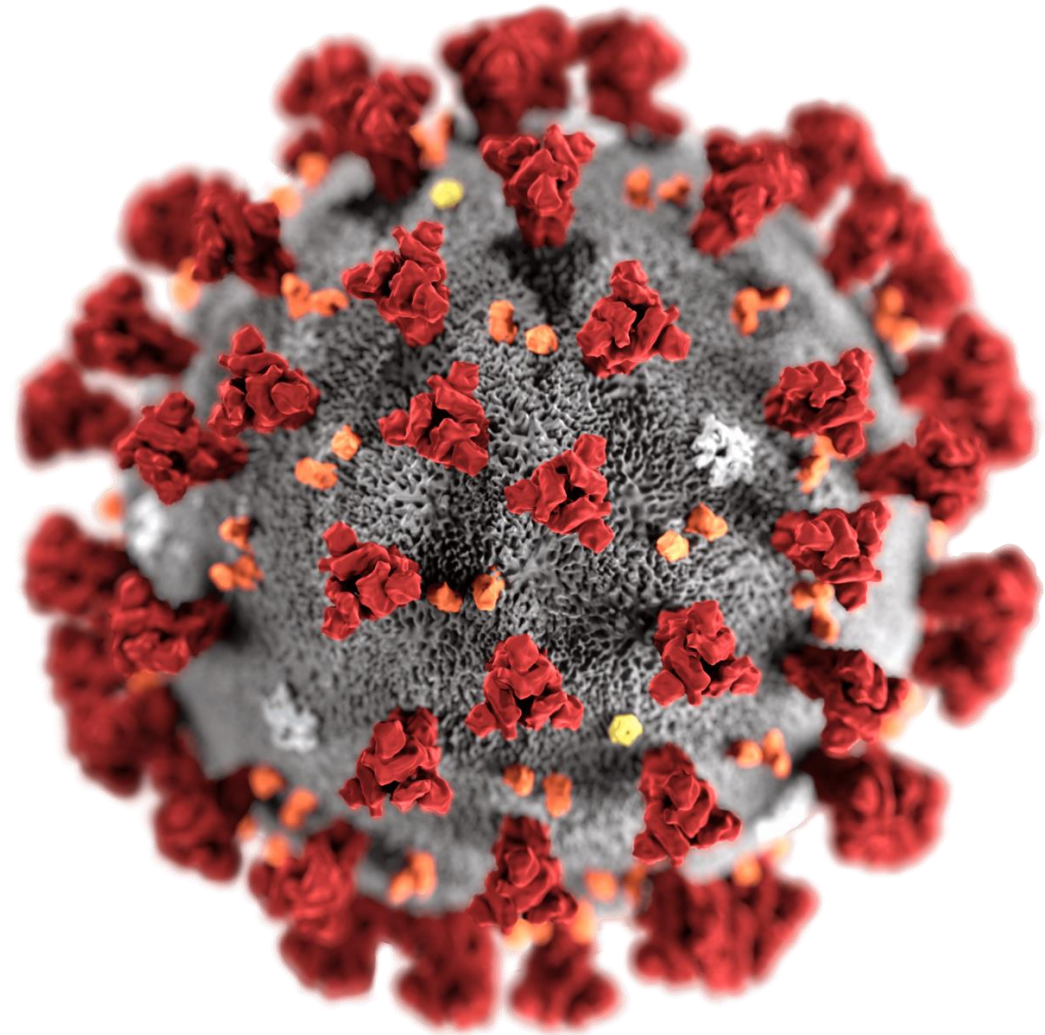
We must not facilitate anti-competitive behaviour, we can comment on the facts



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Global impact of COVID-19



Occupancy declines significantly around the world

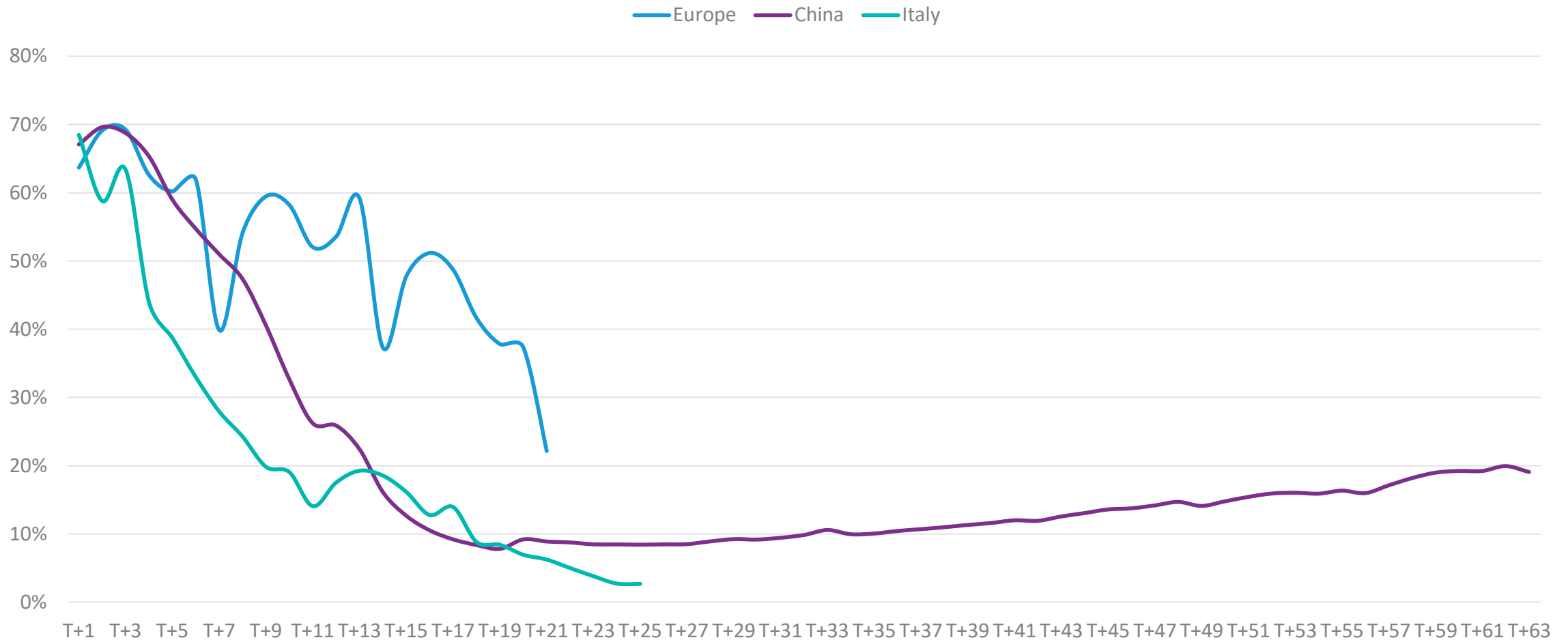
Occupancy % change vs prior year, Week of the 9th – 15th March 2020



Below -70%		Negative 60-70%		Negative 50-60%		Negative 40-50%		Negative 20-40%		Negative 0-20%	
Italy	-93%	Slovakia	-70%	Israel	-59%	Myanmar	-49%	Portugal	-39%	Australia	-17%
Lebanon	-77%	Slovenia	-68%	Estonia	-58%	Philippines	-49%	Morocco	-39%	New Zealand	-15%
South Korea	-75%	Vietnam	-67%	Cambodia	-57%	Kenya	-46%	Lithuania	-39%	Mexico	-15%
Greece	-75%	Romania	-67%	Poland	-56%	Sweden	-45%	UAE	-37%	Brazil	-11%
Kuwait	-73%	Singapore	-66%	France	-55%	Malaysia	-45%	Ethiopia	-33%	Seychelles	-6%
China	-72%	Bahrain	-66%	Hungary	-55%	India	-44%	Turkey	-33%		
Croatia	-71%	Saudi Arabia	-65%	Switzerland	-55%	Oman	-43%	Finland	-32%		
		Czech Rep.	-64%	Serbia	-55%	Laos	-43%	Canada	-28%		
		Japan	-64%	Thailand	-53%	Tunisia	-43%	USA	-27%		
		Georgia	-61%	Denmark	-51%	Sri Lanka	-43%	Maldives	-26%		
		Austria	-60%	Spain	-50%	Egypt	-43%	Qatar	-26%		
		Belgium	-60%	Netherlands	-50%	Ireland	-41%	Russia	-25%		
		Bulgaria	-60%	Germany	-50%	Ukraine	-41%	UK	-23%		
						Ghana	-41%	Latvia	-23%		
						Tanzania	-40%	Indonesia	-23%		
								South Africa	-22%		

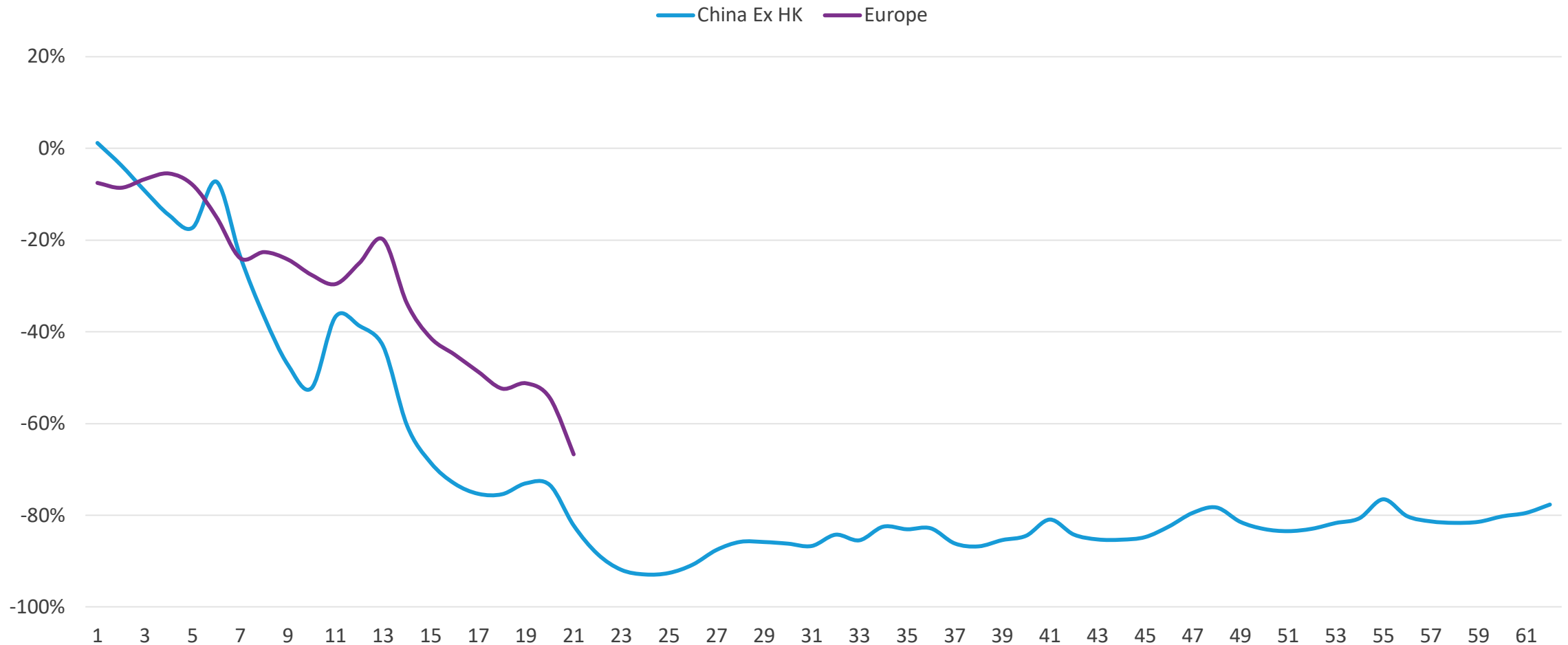
Europe about one month behind China hotel performance trend

Occupancy by day for China, Europe and Italy from start of COVID-19 impact in respective region



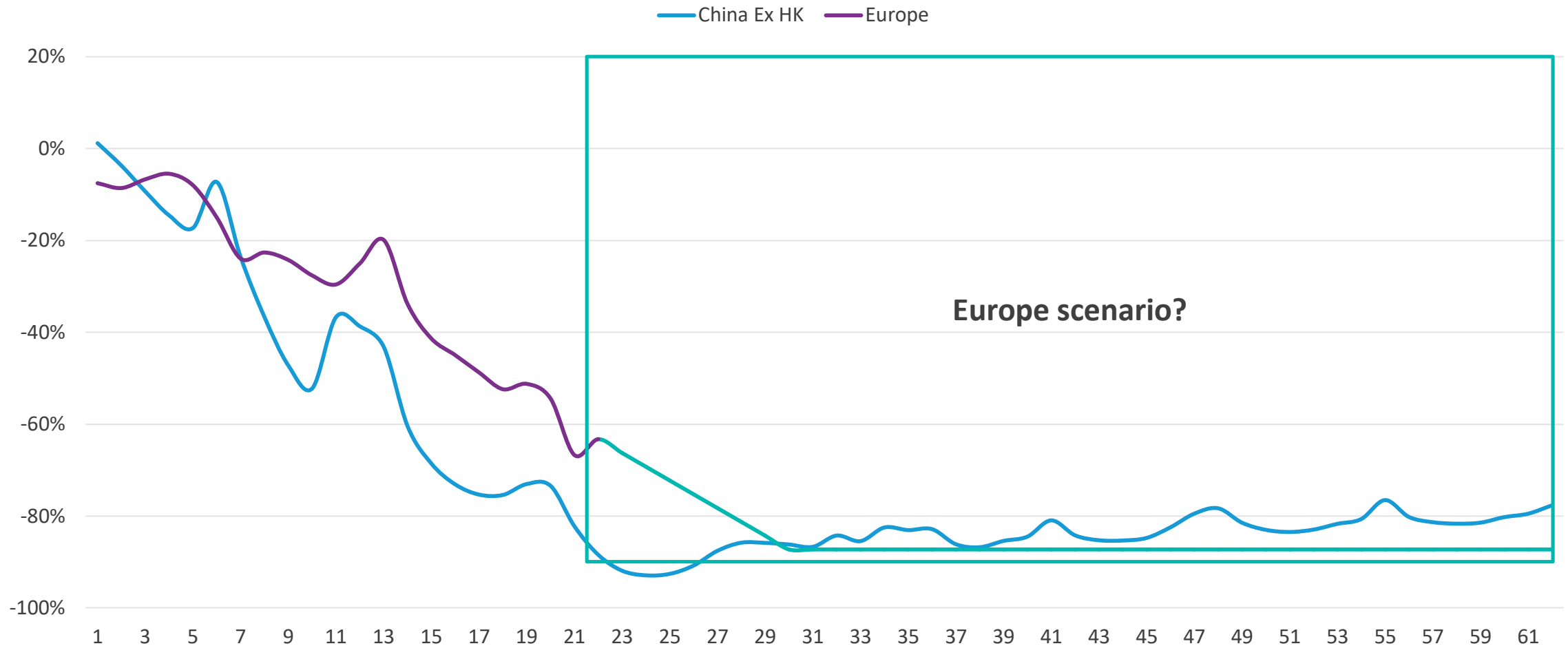
Europe and Mainland China following very similar patterns

Europe vs Mainland China, Rooms Revenue drop, days post start of occupancy decline



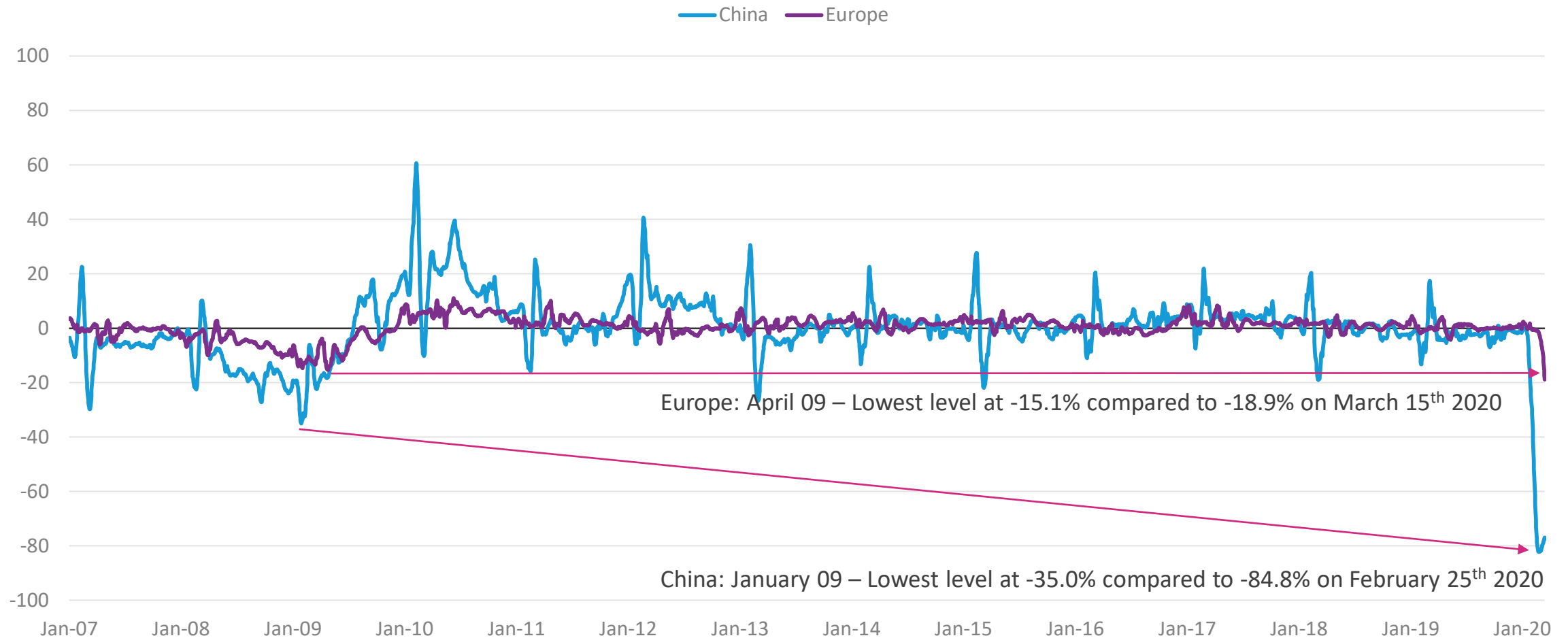
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Europe vs Mainland China, Rooms Revenue drop, days post start of occupancy decline



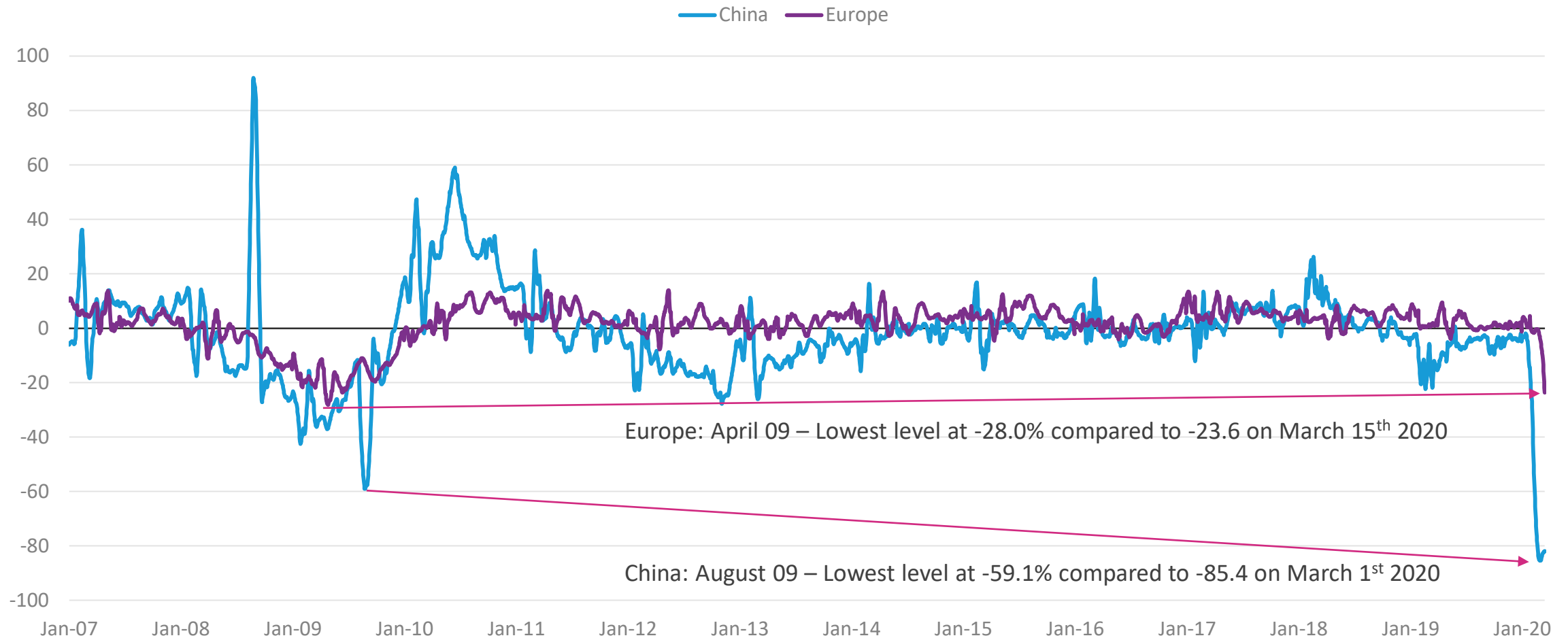
Impact of Global Financial Crisis on Occ compared to COVID-19

China & Europe, Occupancy % change vs prior year, Rolling 28 days, Jan 1st 2007 – March 15th 2020



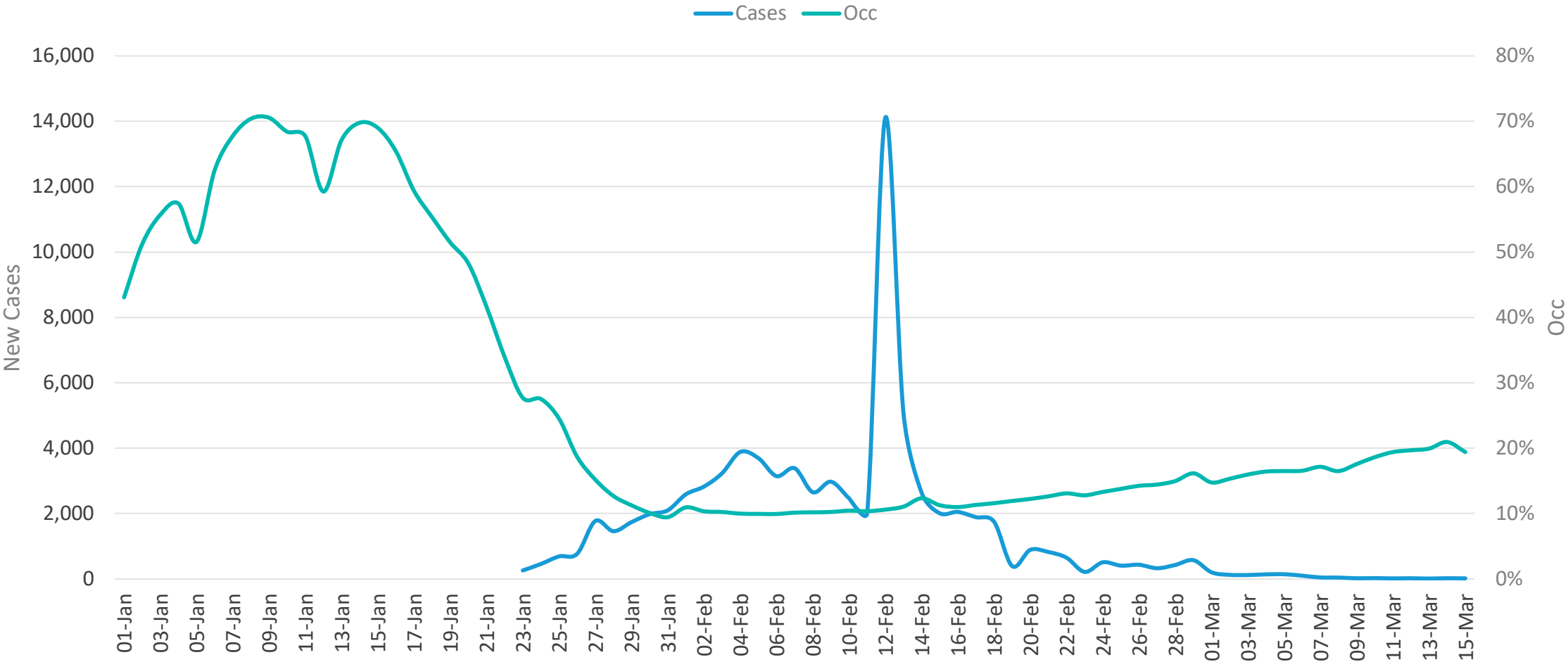
Impact of Global Financial Crisis on RevPAR compared to COVID-19

China & Europe, RevPAR % change vs prior year, Rolling 28 days, Jan 1st 2007 – March 15th 2020



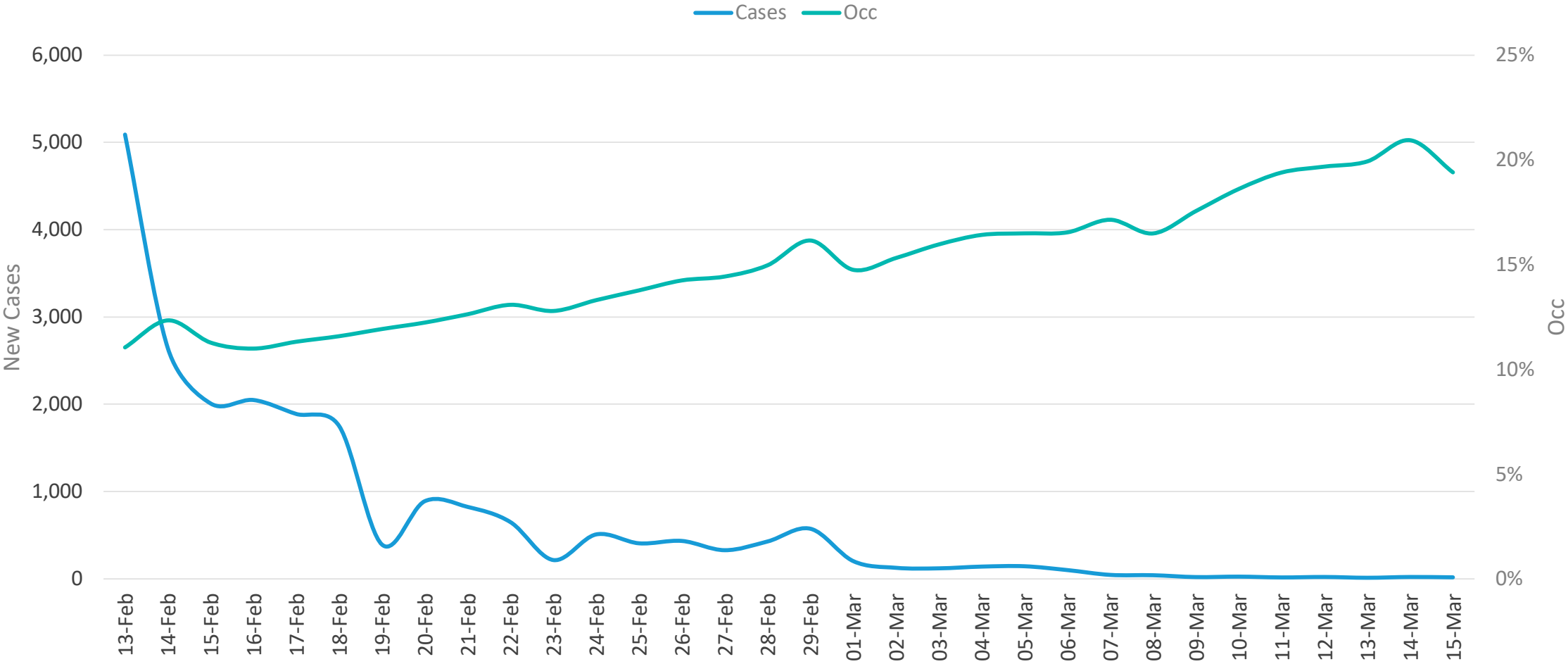
Are there green shoots of recovery in China?

China new COVID-19 cases vs China Daily Occupancy



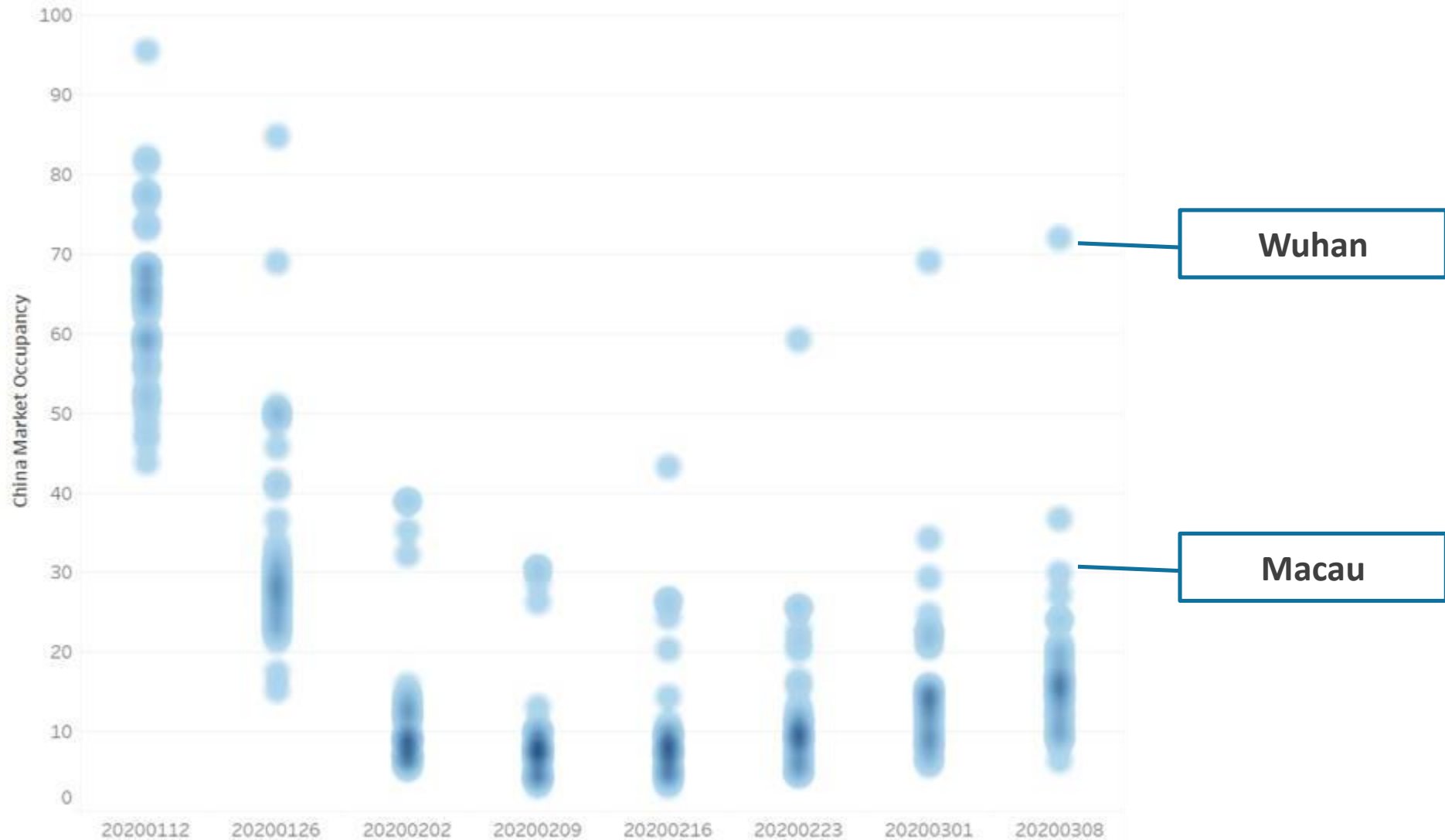
Cases stopped and occupancy almost doubled in the last month

China new COVID-19 cases vs China Daily Occupancy



Some markets doing much better than the average

China submarket occupancy by week from 12 January – 8 March 2020

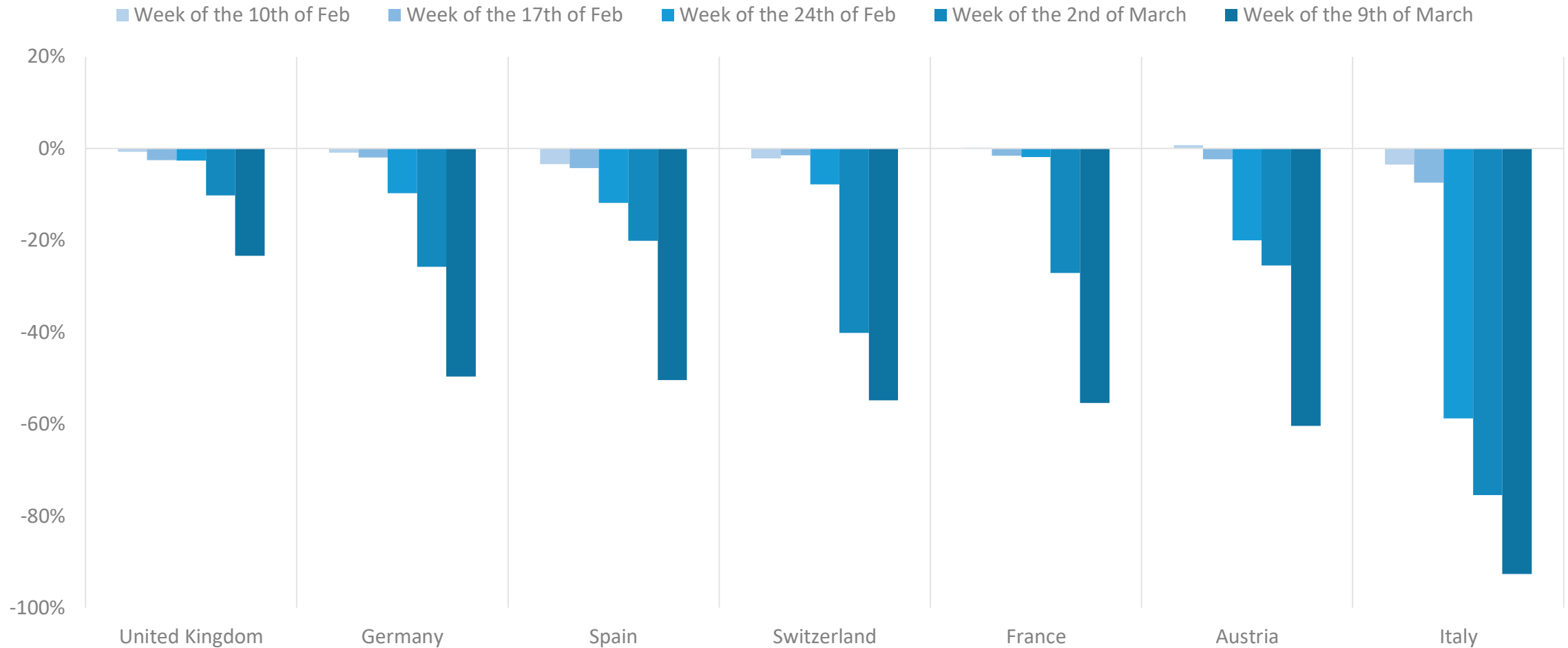




Europe

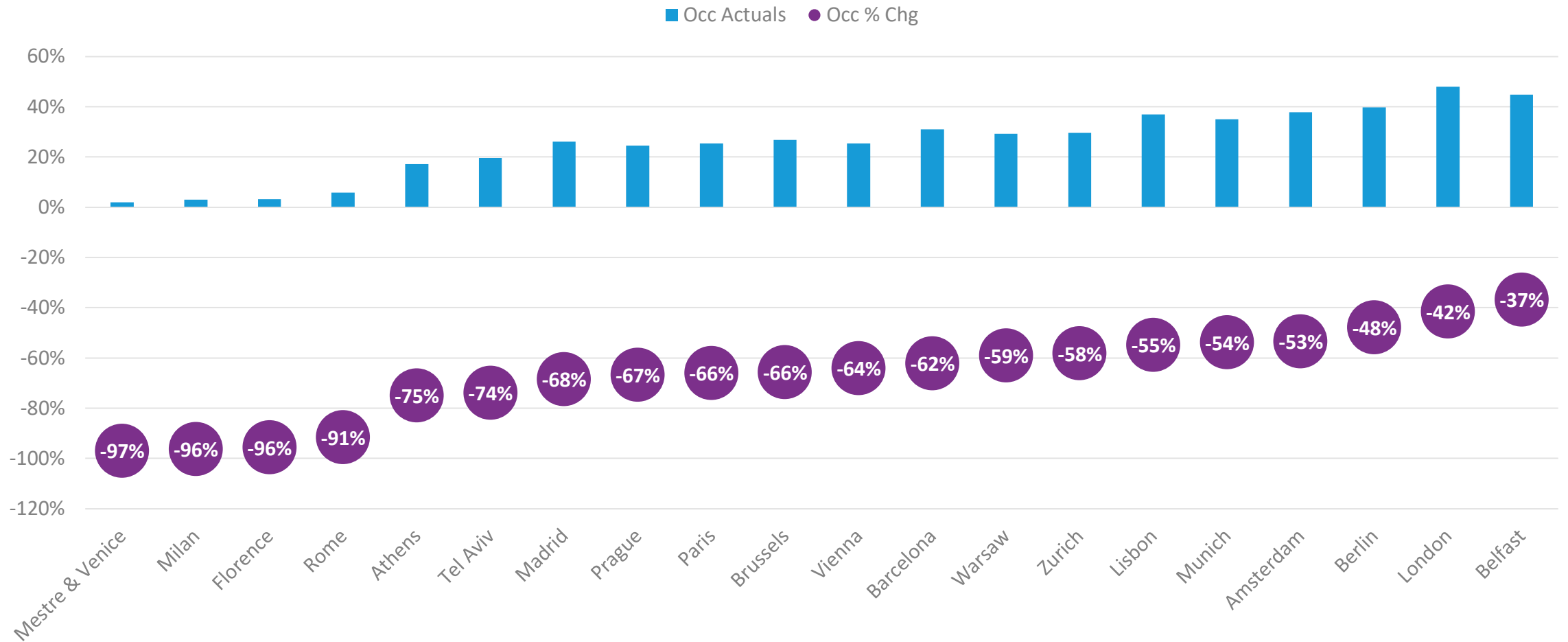
European countries severely impacted by COVID-19

Occupancy % change vs prior year, Weeks of the 10th, 17th, 24th Feb, 2nd and 9th March 2020



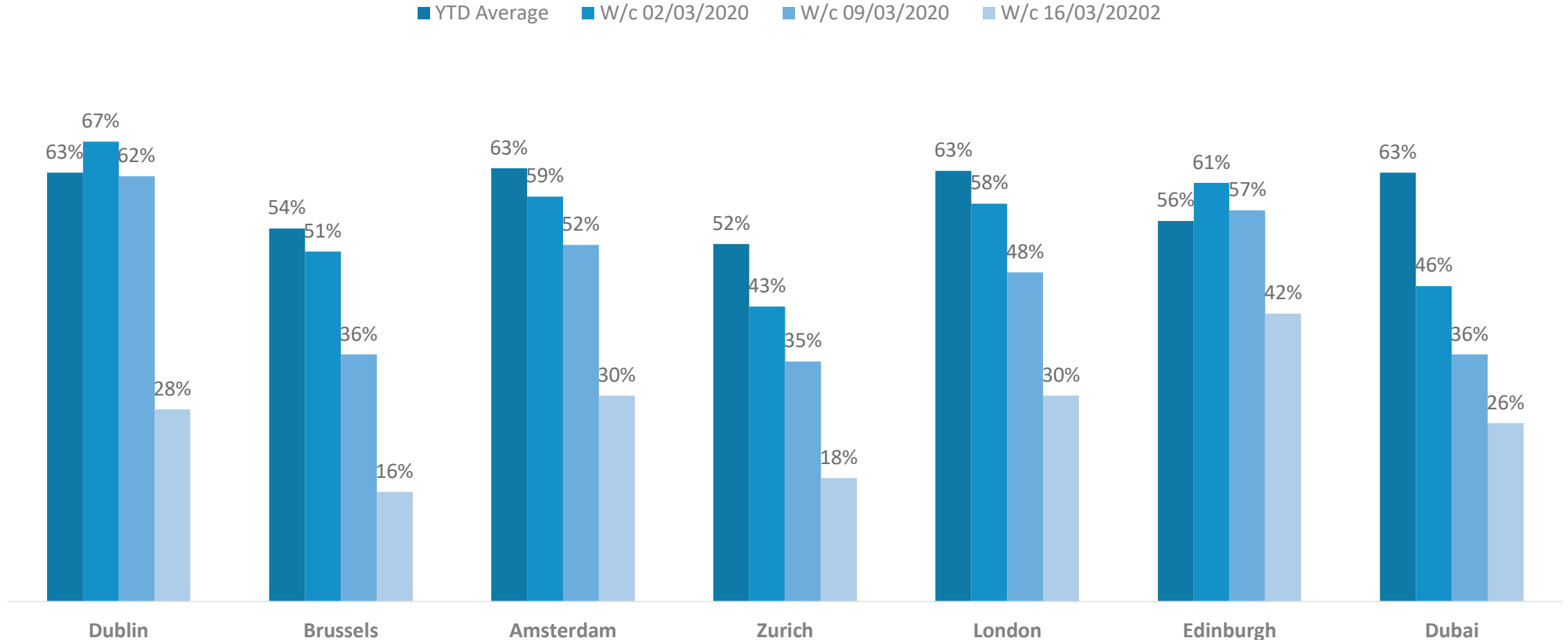
Most cities with less than 40% occupancy

European markets, Week of the 9th of March, Occupancy and % change vs prior year



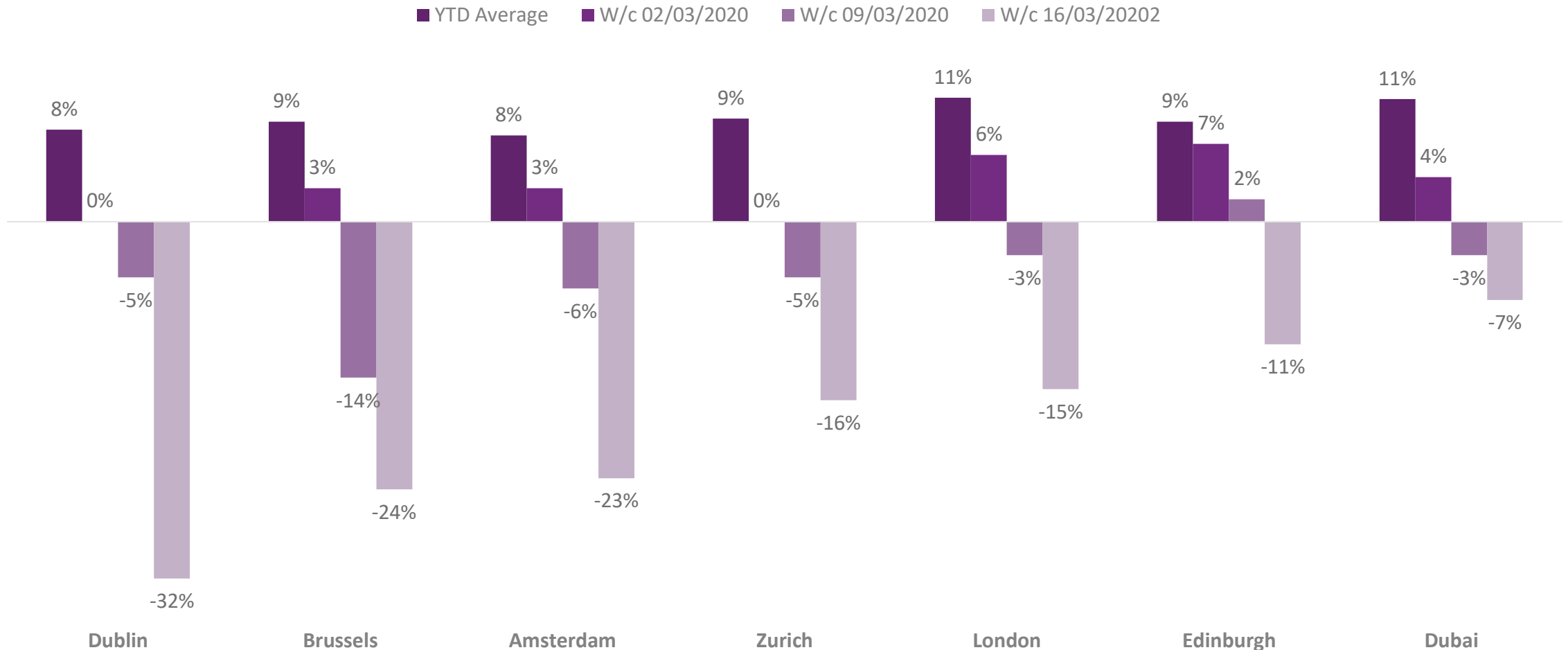
Forward data tells us that occupancy will continue to decline

Forward occupancy for the next 14 days, as at the 16th of March 2020



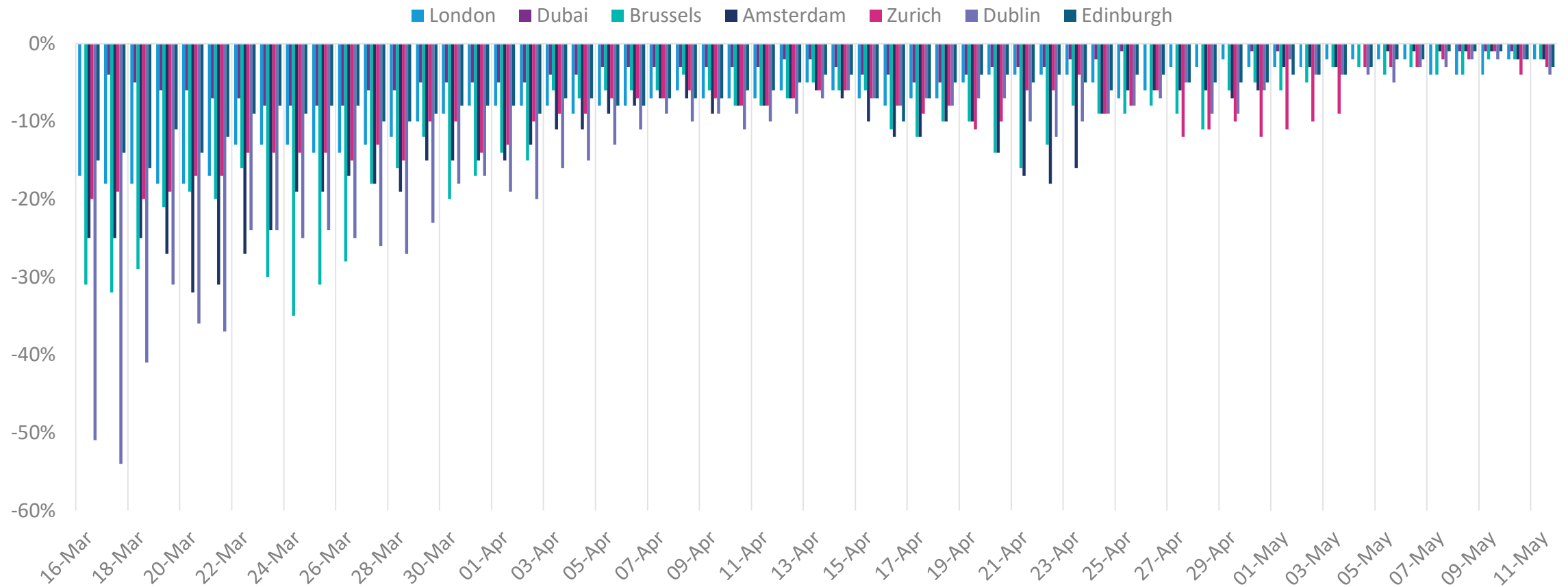
With cancellations coming through stronger than ever

Pick up for the next 14 days, As at the 16th of March 2020



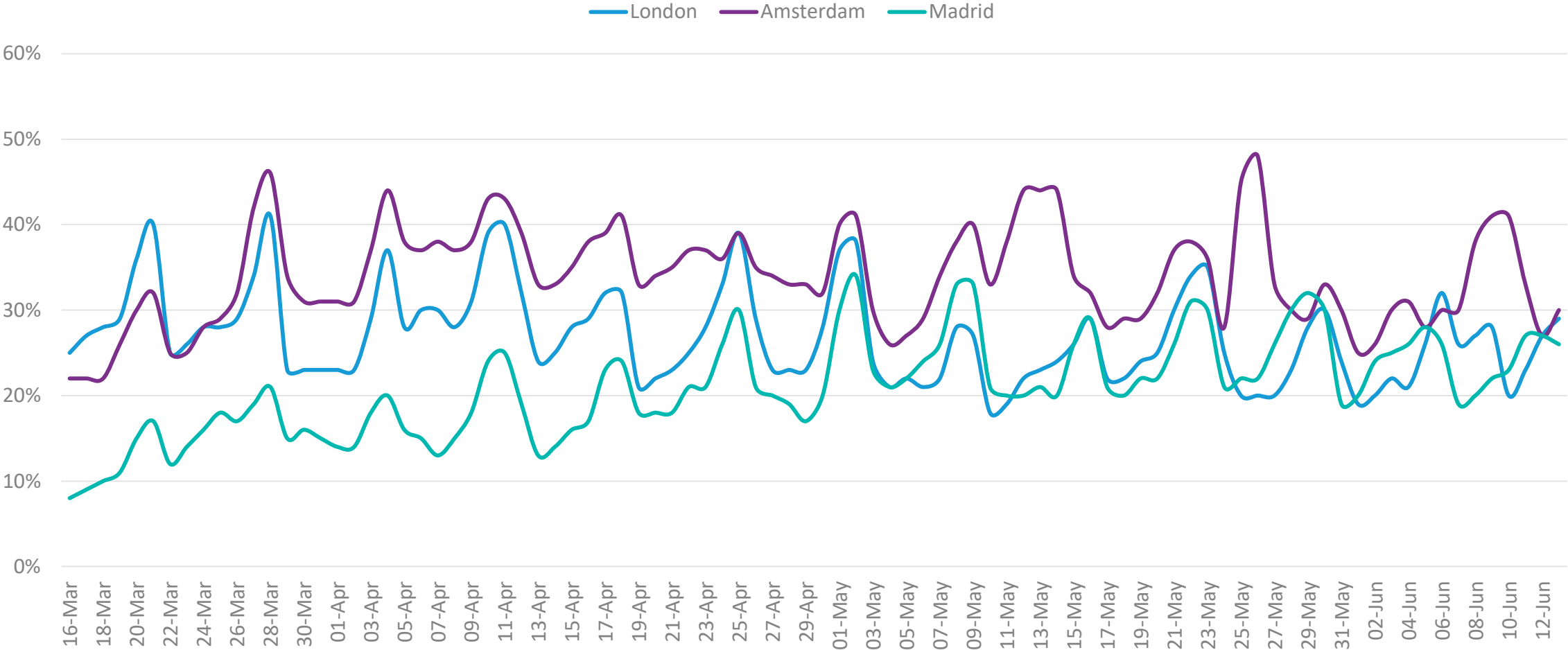
Pick-up universally down for the next 2 months

Pickup for next 8 weeks



Still some business on the books but expect this to be fragile

Forward Occupancy as at 16 March 2020

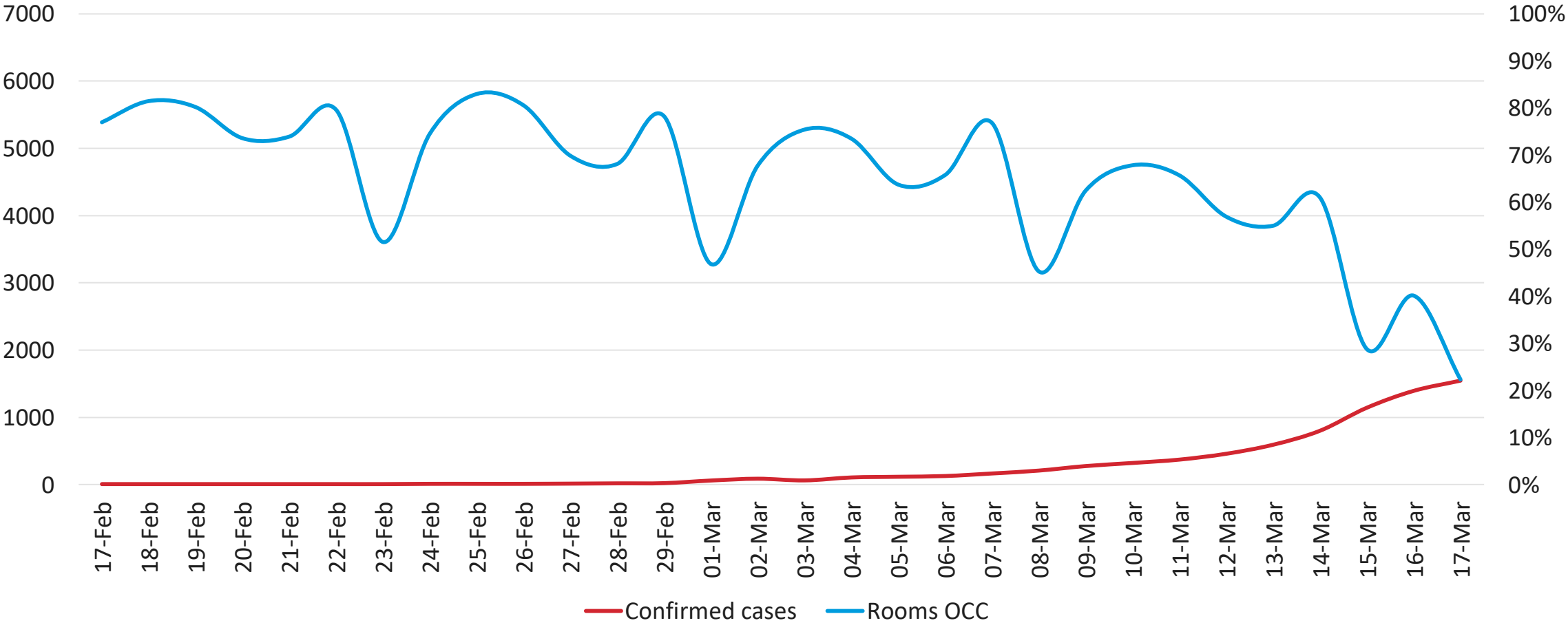




United Kingdom

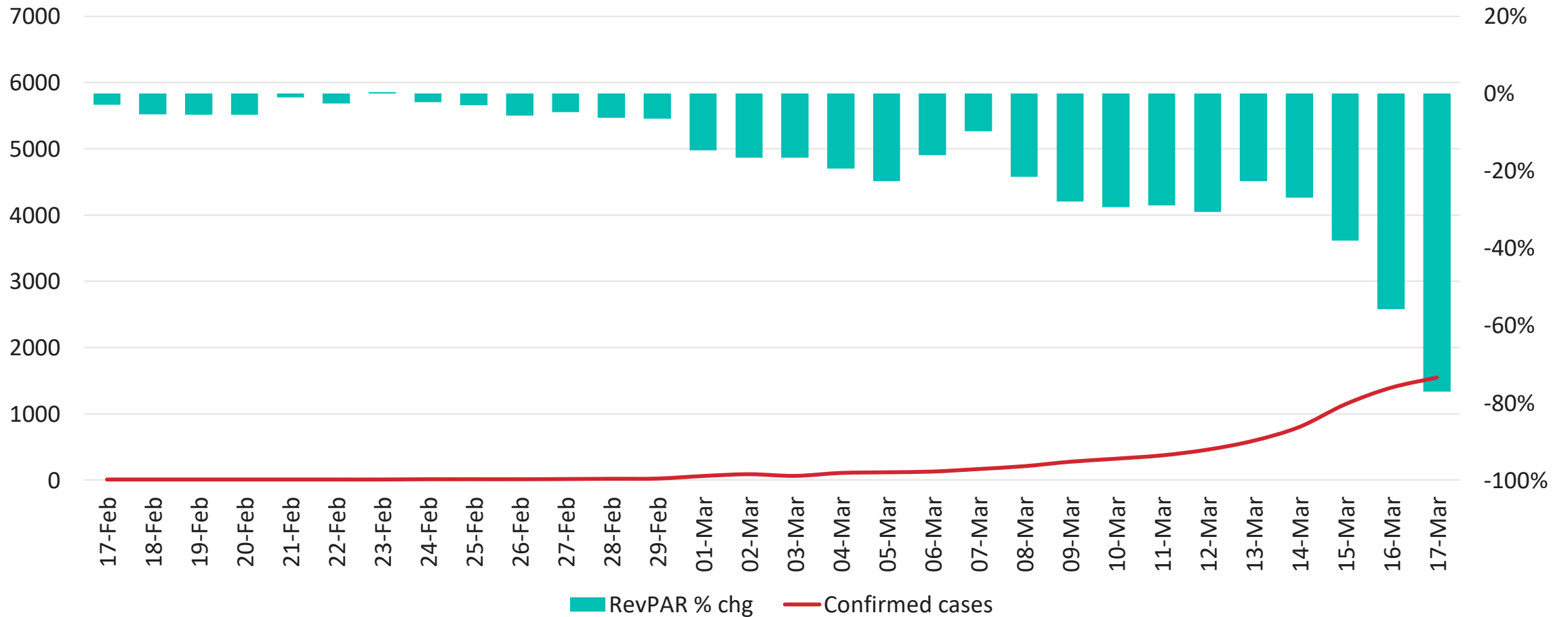
Occupancy decreases as several country lockdowns start across Europe

Occupancy and confirmed cases, U.K., March 2020



U.K. performance still less impacted than the rest of Europe

RevPAR % change vs prior year and confirmed cases, U.K., March 2020

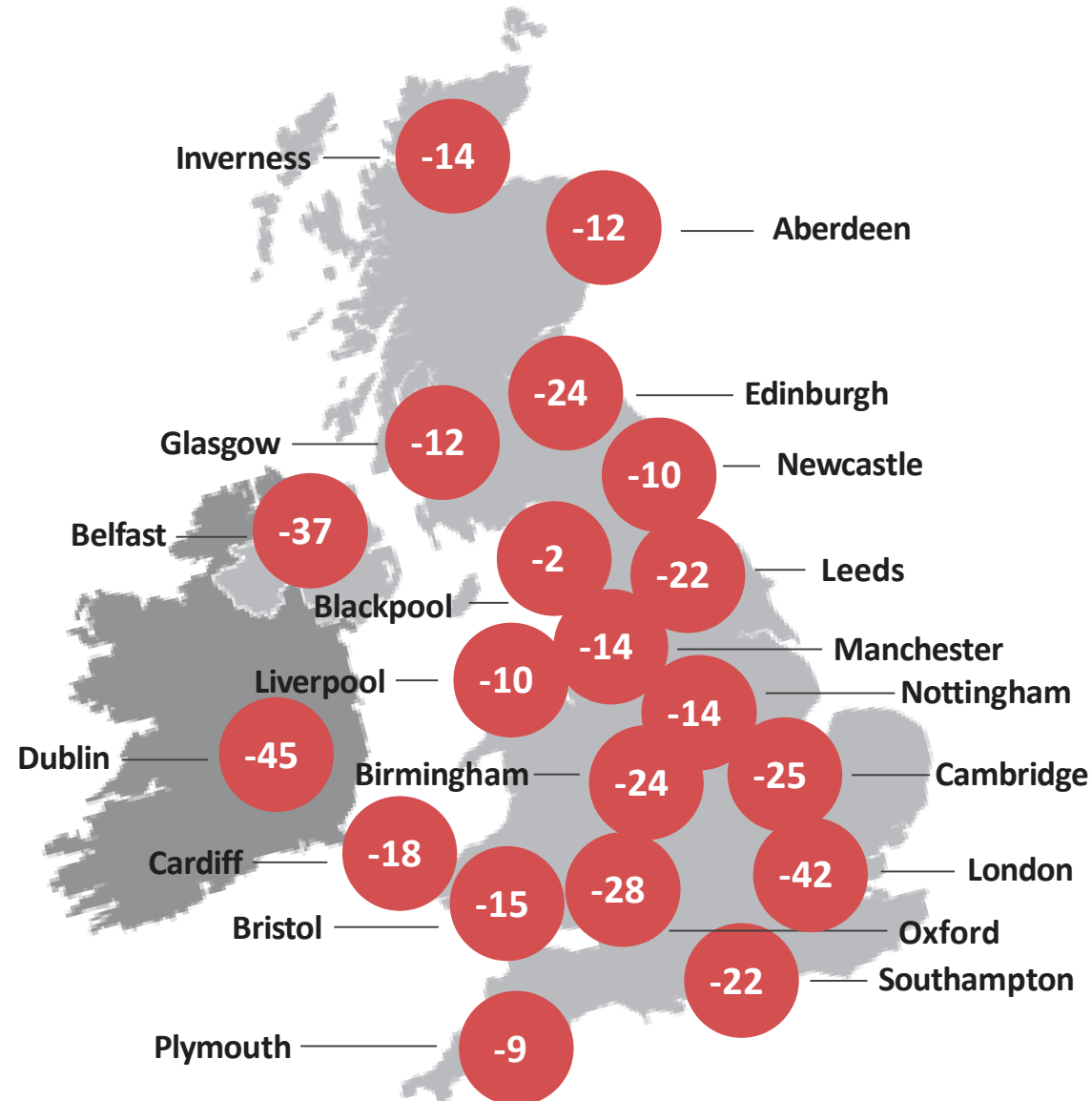


London & Dublin lead the way in terms of declines

RevPAR % Change vs prior year 9 – 15 March

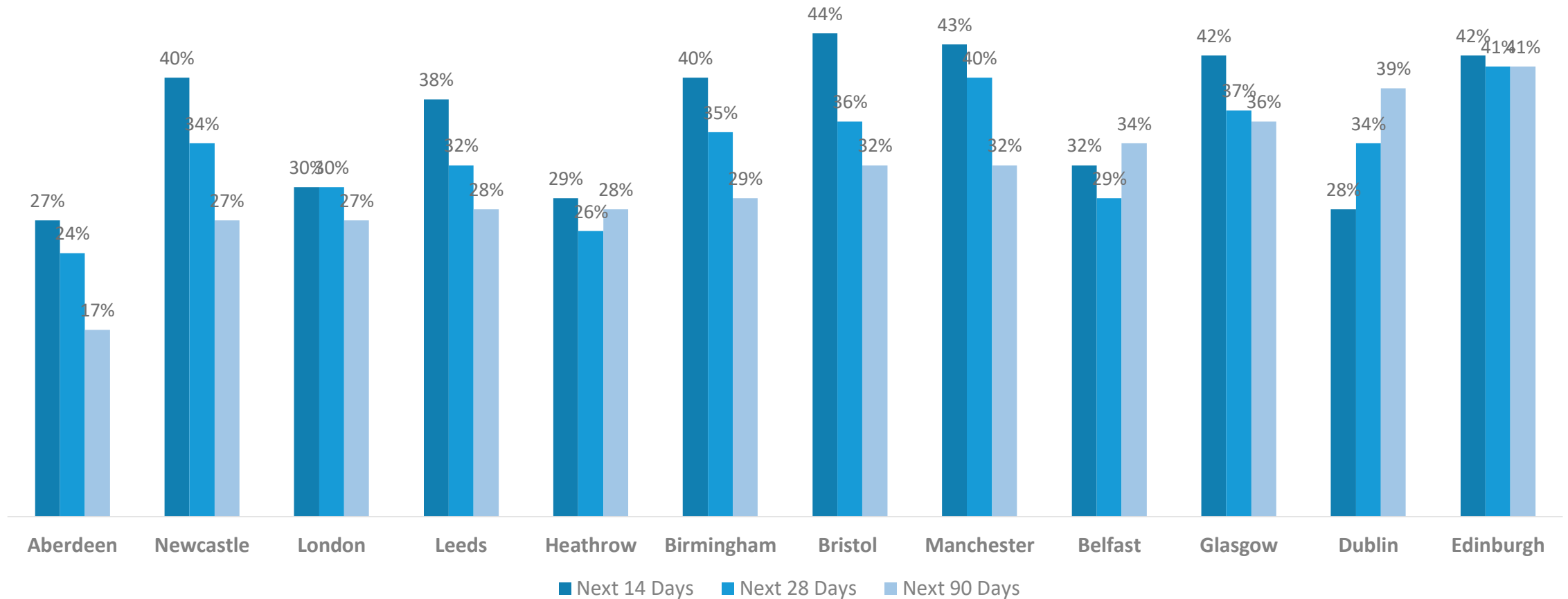


United Kingdom:
-23%



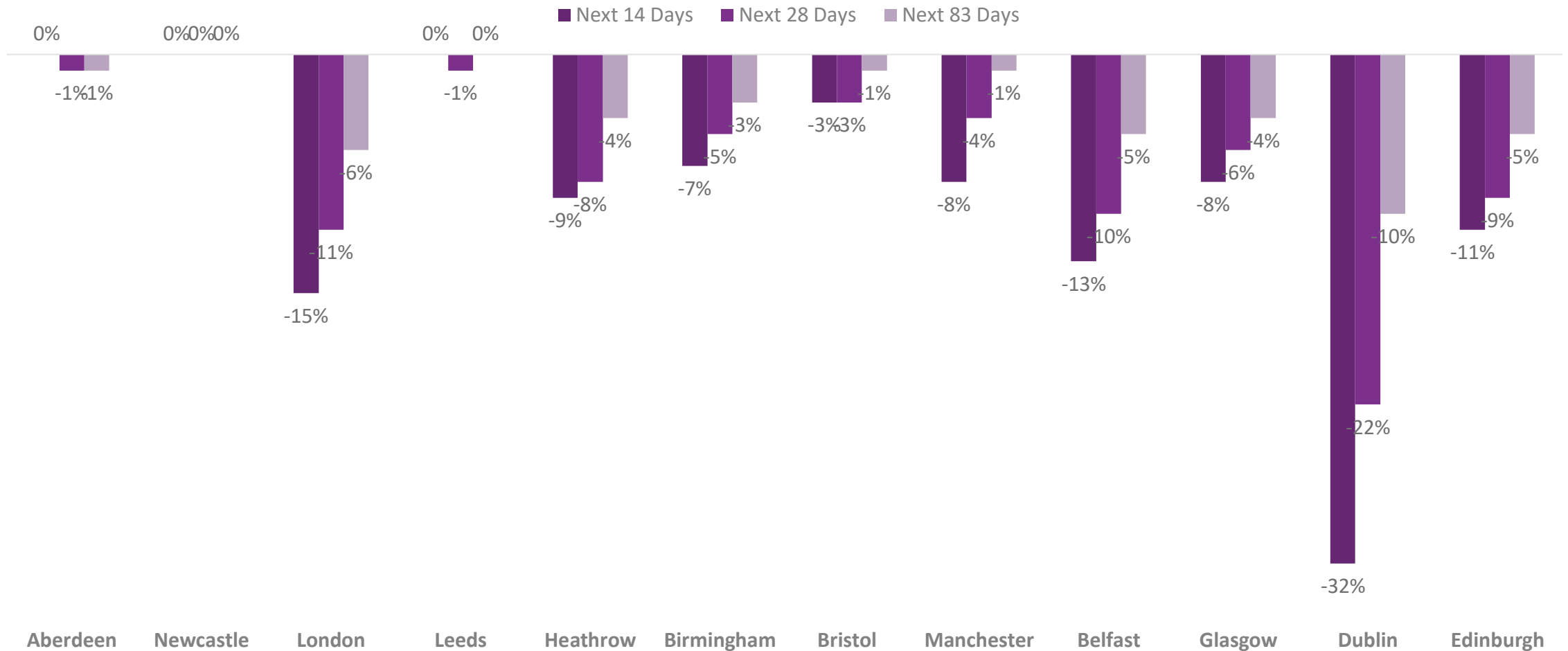
Forward bookings for UK markets, London clearly suffering

Forward Occupancy as at 16th March



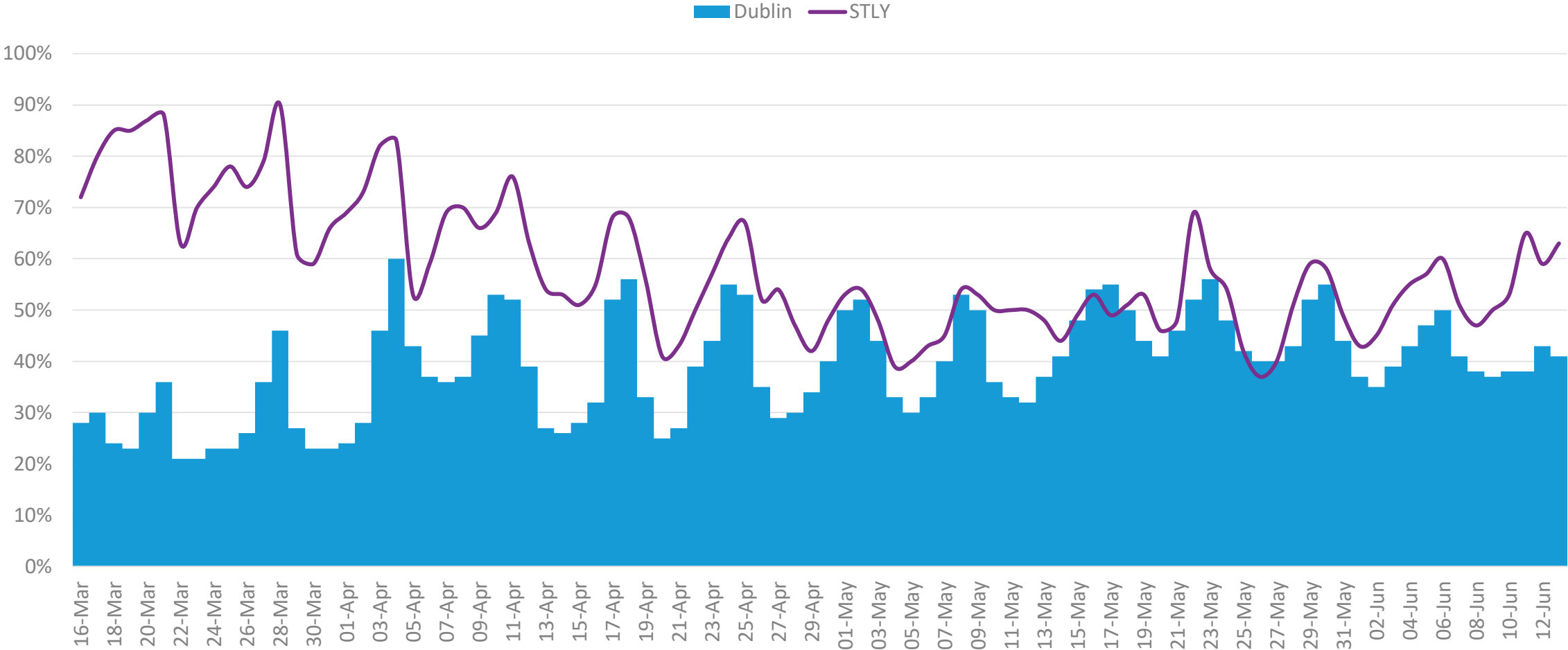
Dublin, London, & Edinburgh seeing the most booking cancellations

Pick up as at the 16th of March 2020



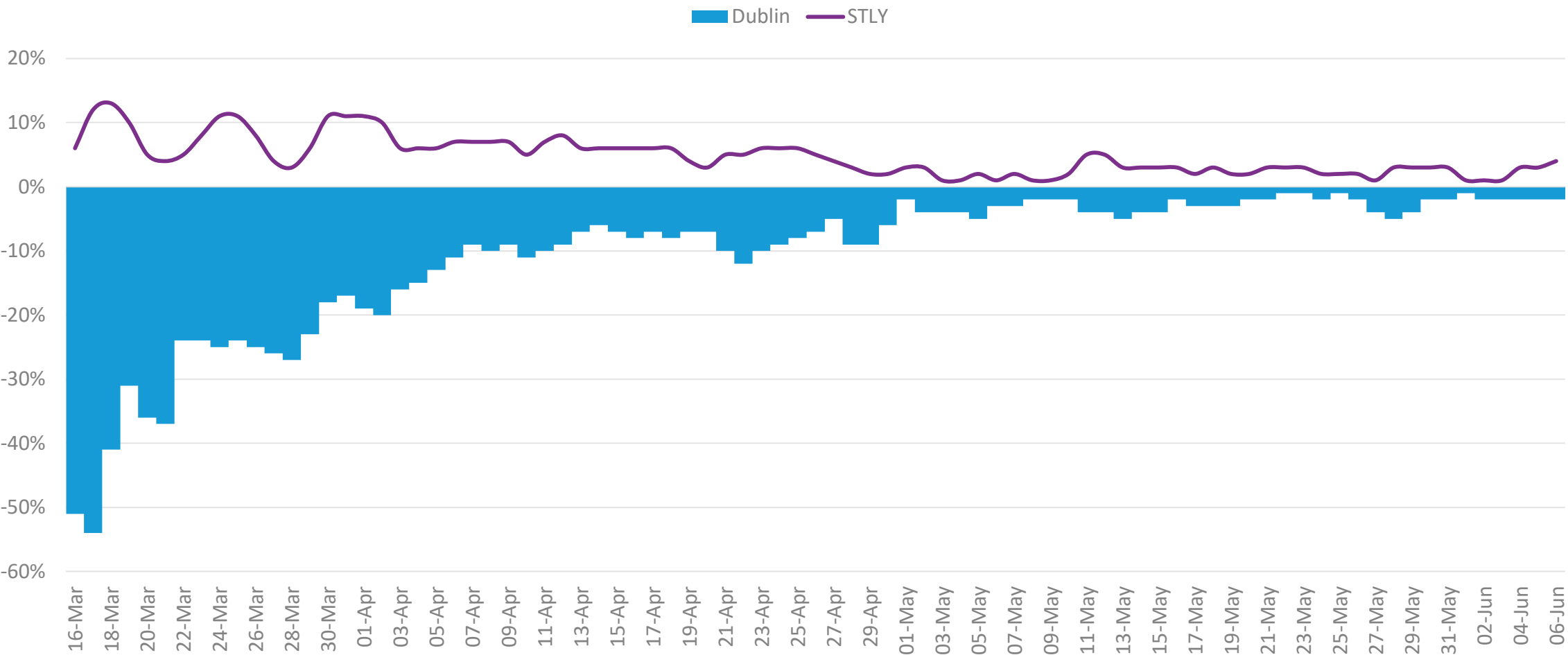
Year on year clearly shows the challenge for Dublin hoteliers

Dublin Forward occupancy next 90 days vs. STLY



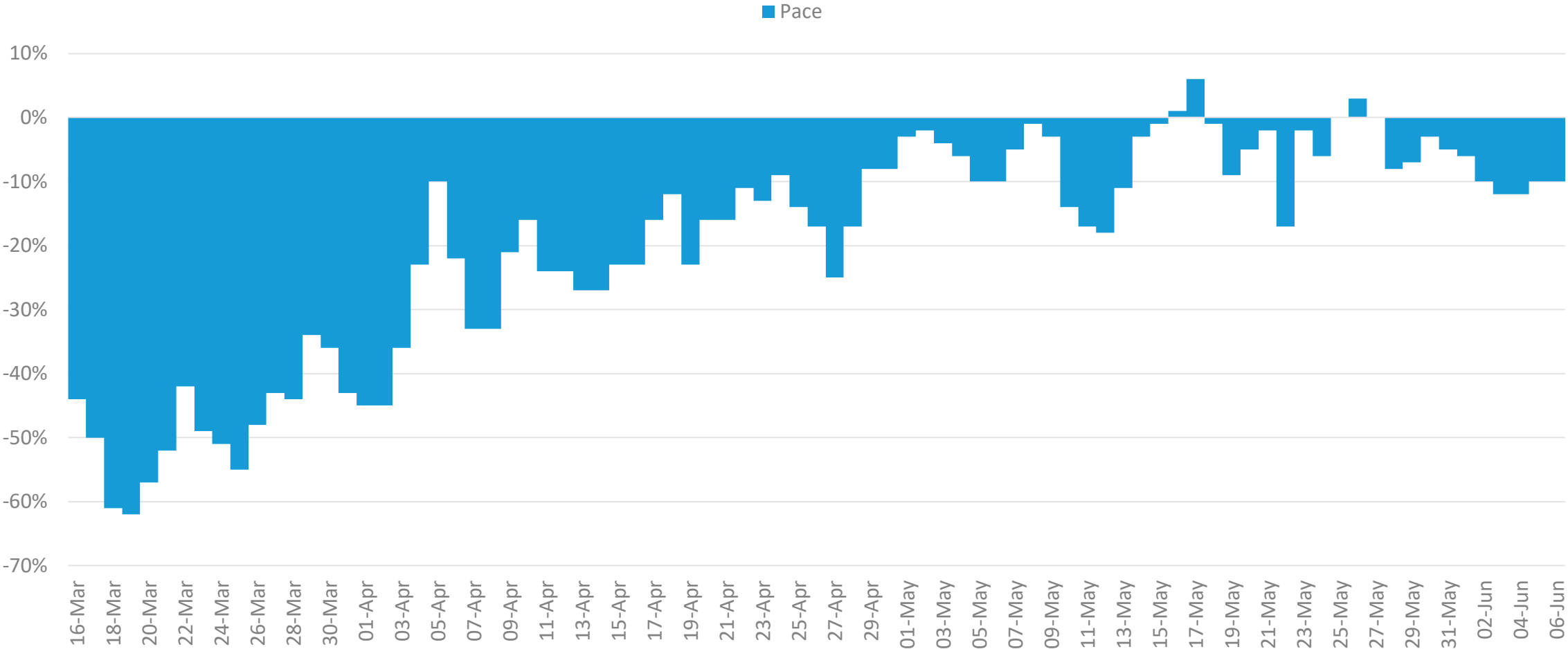
Negative pick up for the next 3 months

Dublin Pickup next 83 days vs. STLY



The difference in occupancy year over year evident

Dublin Occupancy Pace next 90 days

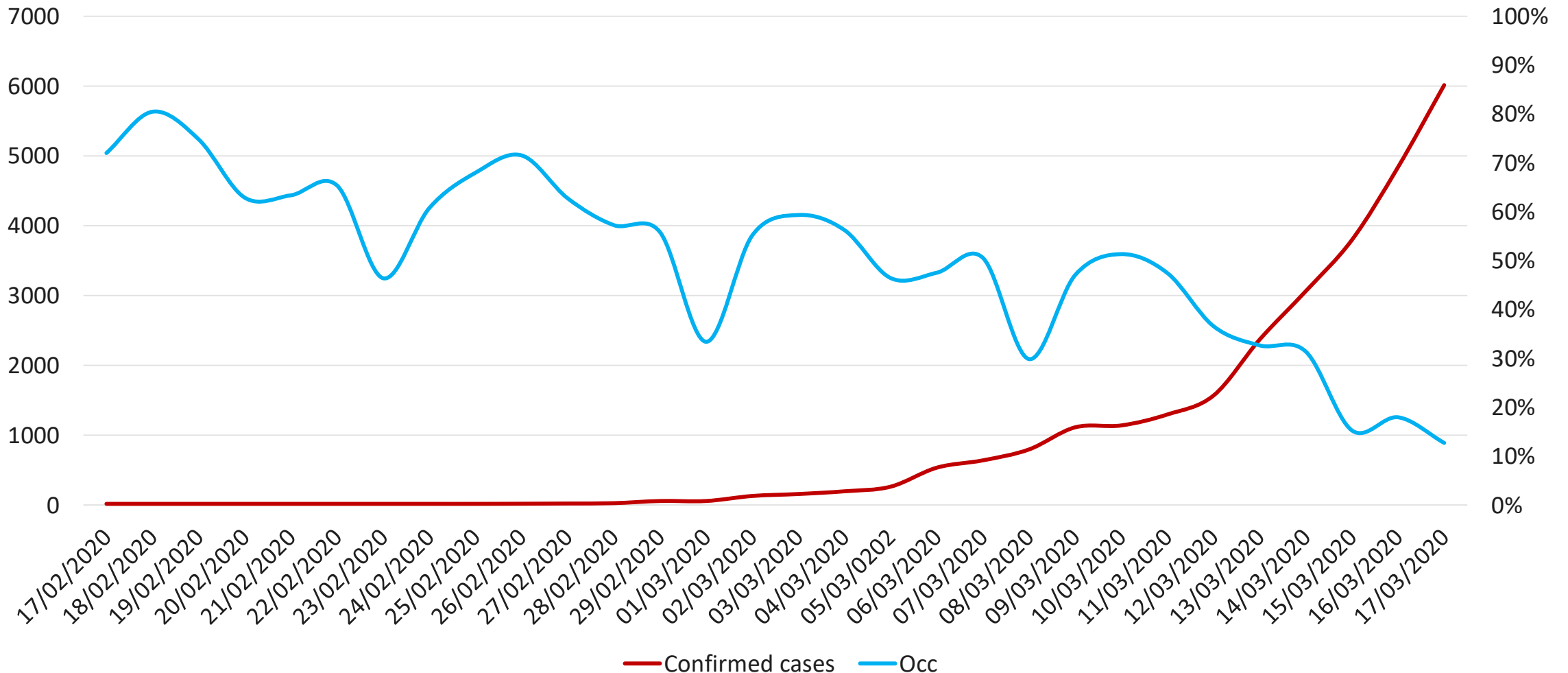




Germany

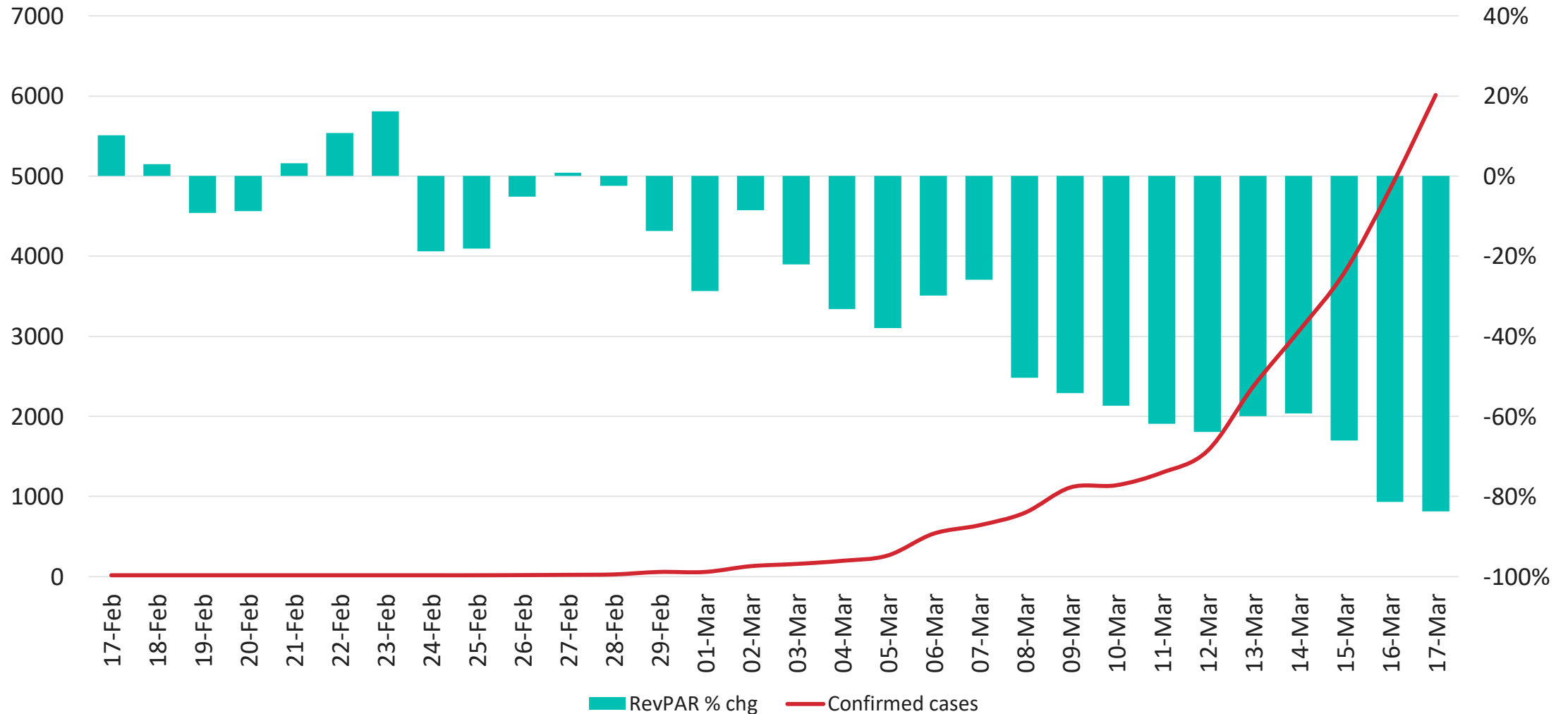
Post 2,500 confirmed cases, significant occupancy drops

Occupancy and confirmed cases, Germany, March 2020



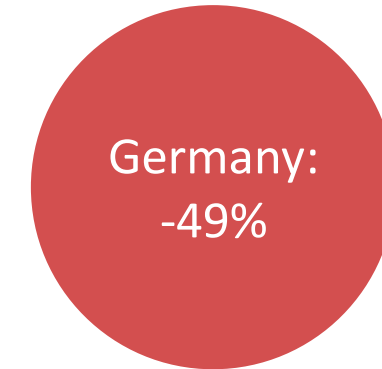
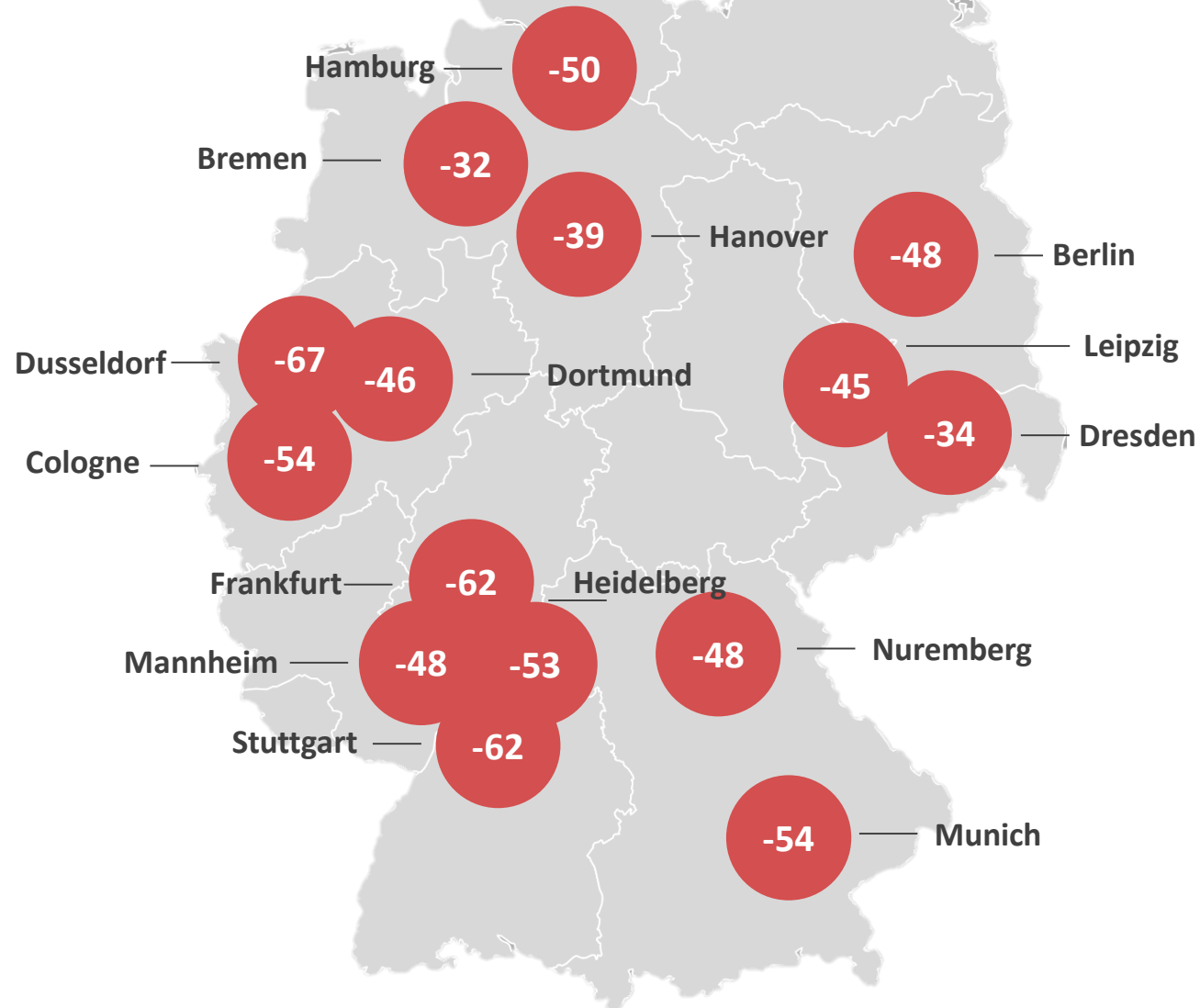
RevPAR % keeps declining as more cases are confirmed

RevPAR % change vs 2019 & COVID-19 cases, Germany, March 2020



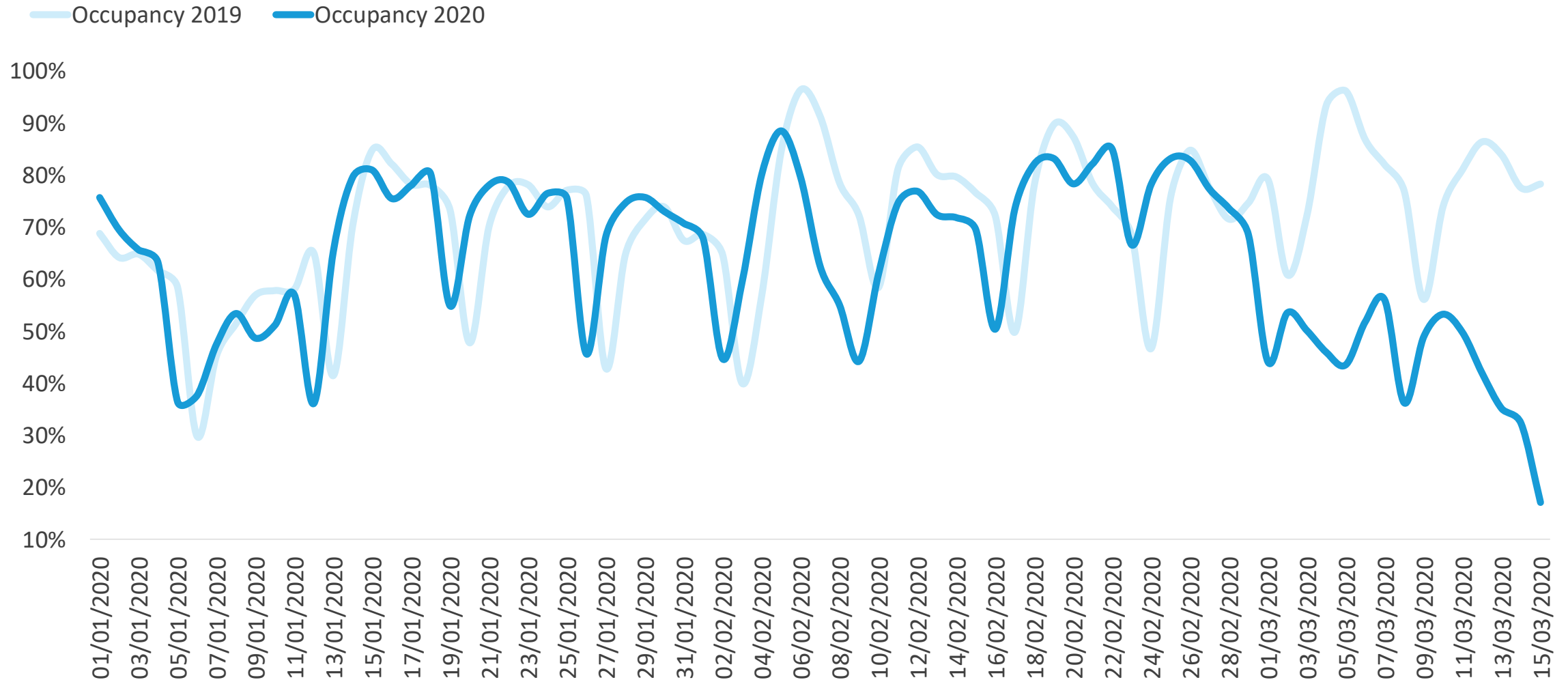
Fair cities suffering the most

Occupancy change % vs prior year, 9 – 15 March 2020



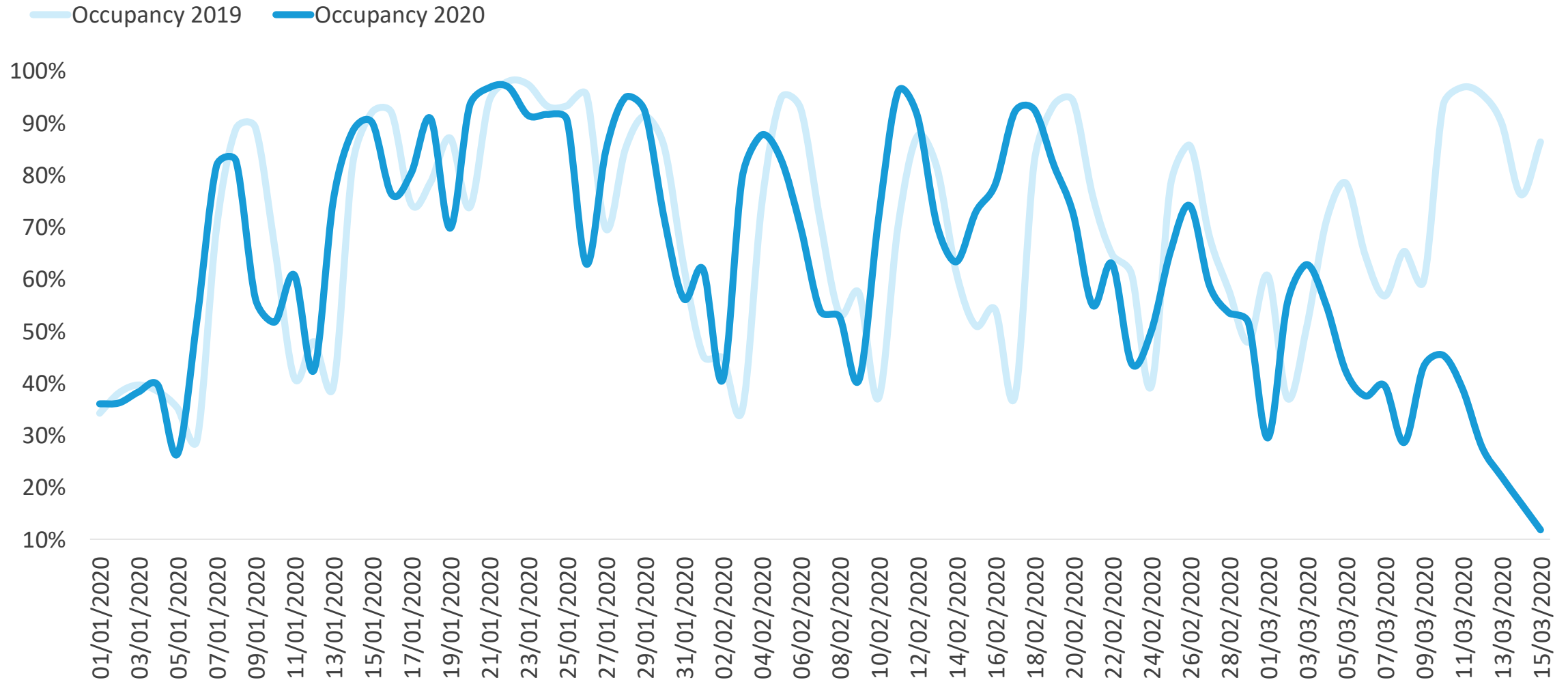
Berlin occupancy starting to decline with IHIF and ITB

Occupancy vs prior year, Daily Data from January 1st – March 15th 2020



Dusseldorf suffers as event are postponed

Occupancy vs prior year, Daily Data from January 1st – March 15th 2020

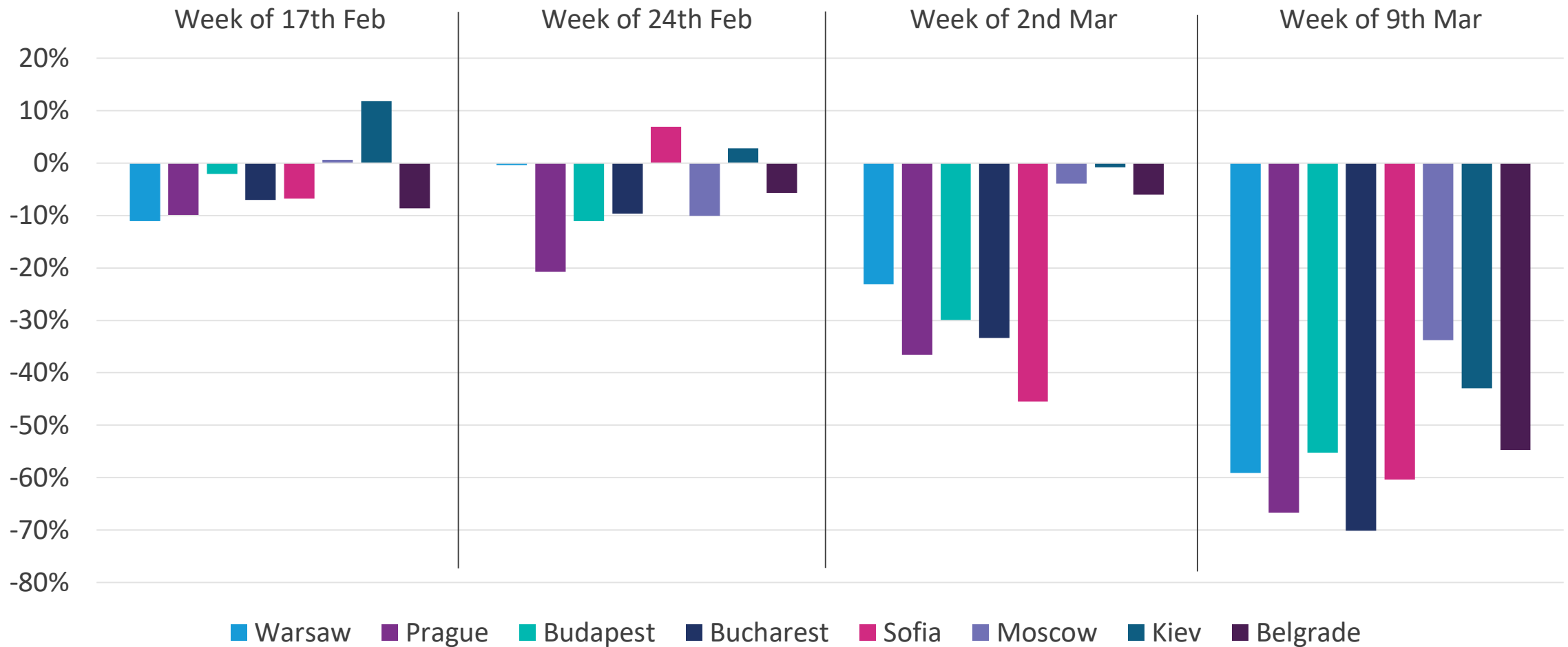




CEE

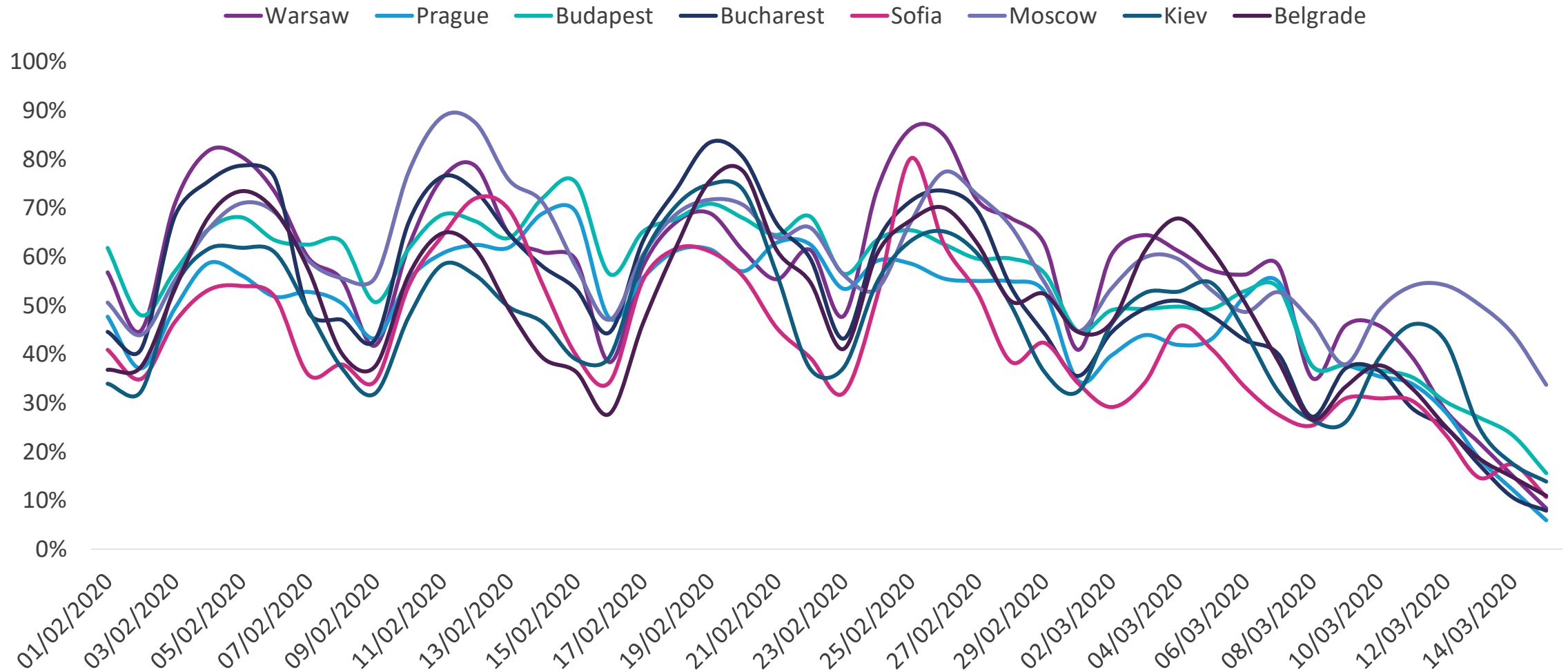
Whilst slower to react initially, CEE markets all impacted

Occupancy % change, Weekly data from weeks starting 17th & 24th February and 2nd & 9th March 2020



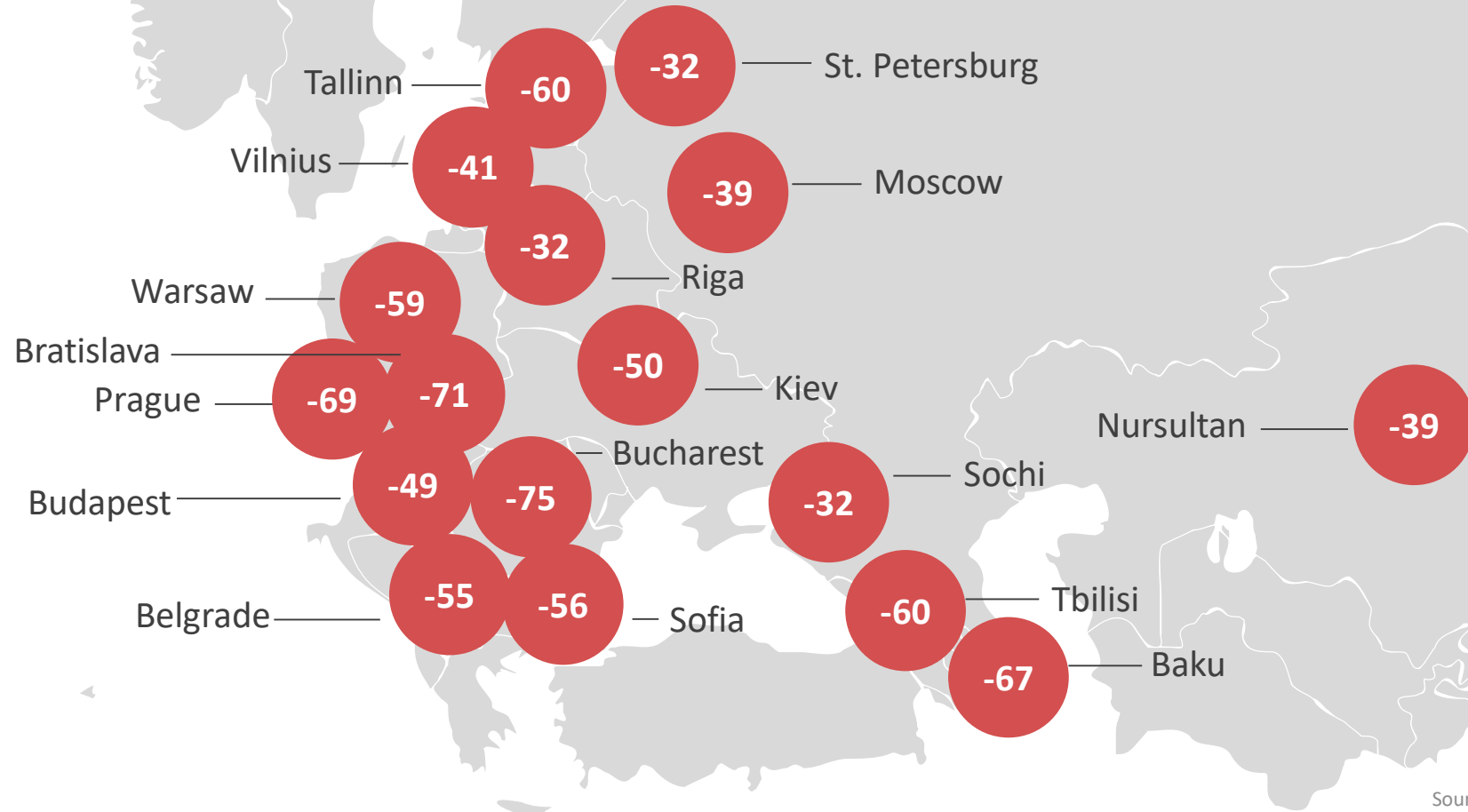
Corporate CEE markets down to single digit occupancy levels

Occupancy actuals, Daily Data from January 1st – March 15th 2020



A bleak picture across Central & Eastern Europe

RevPAR change, local currency, 9th – 15th March 2020



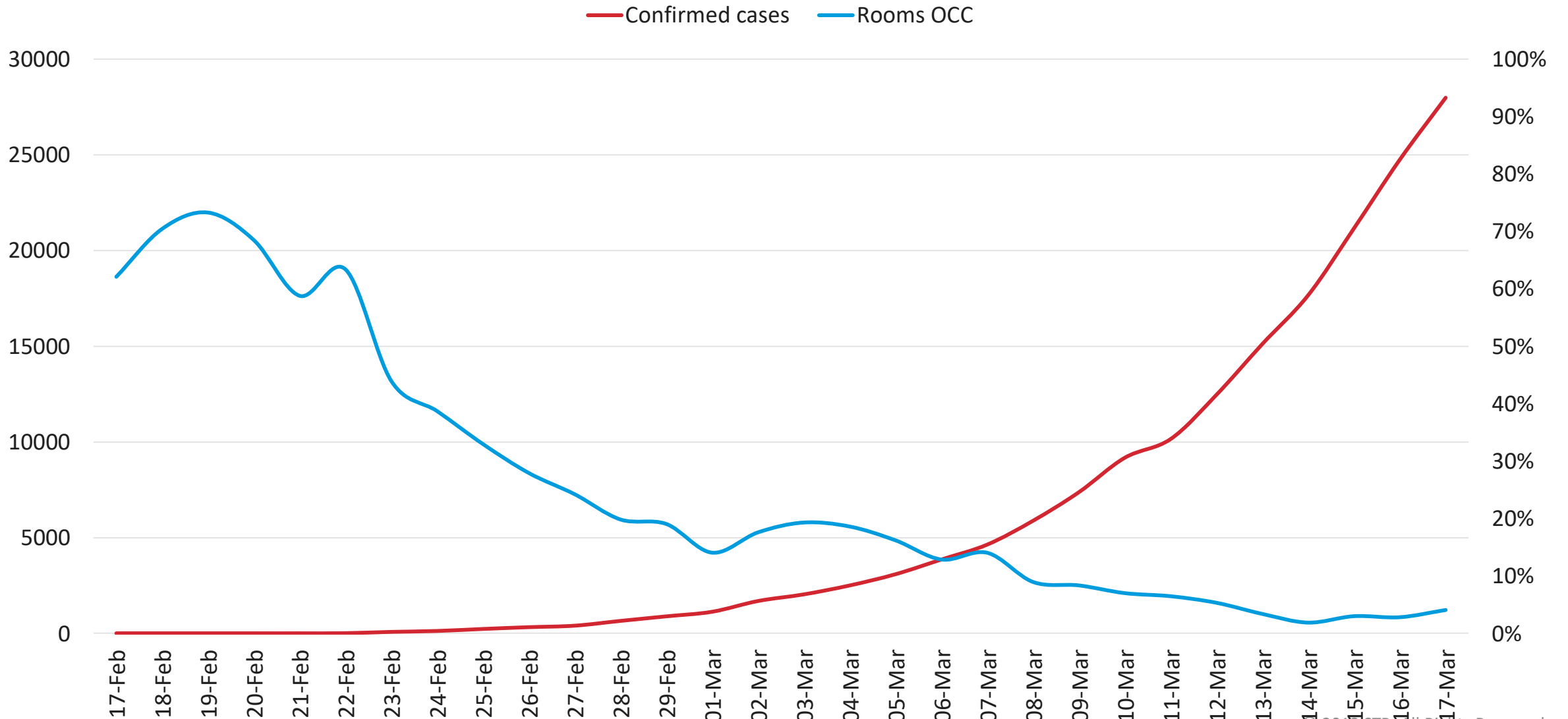


Italy



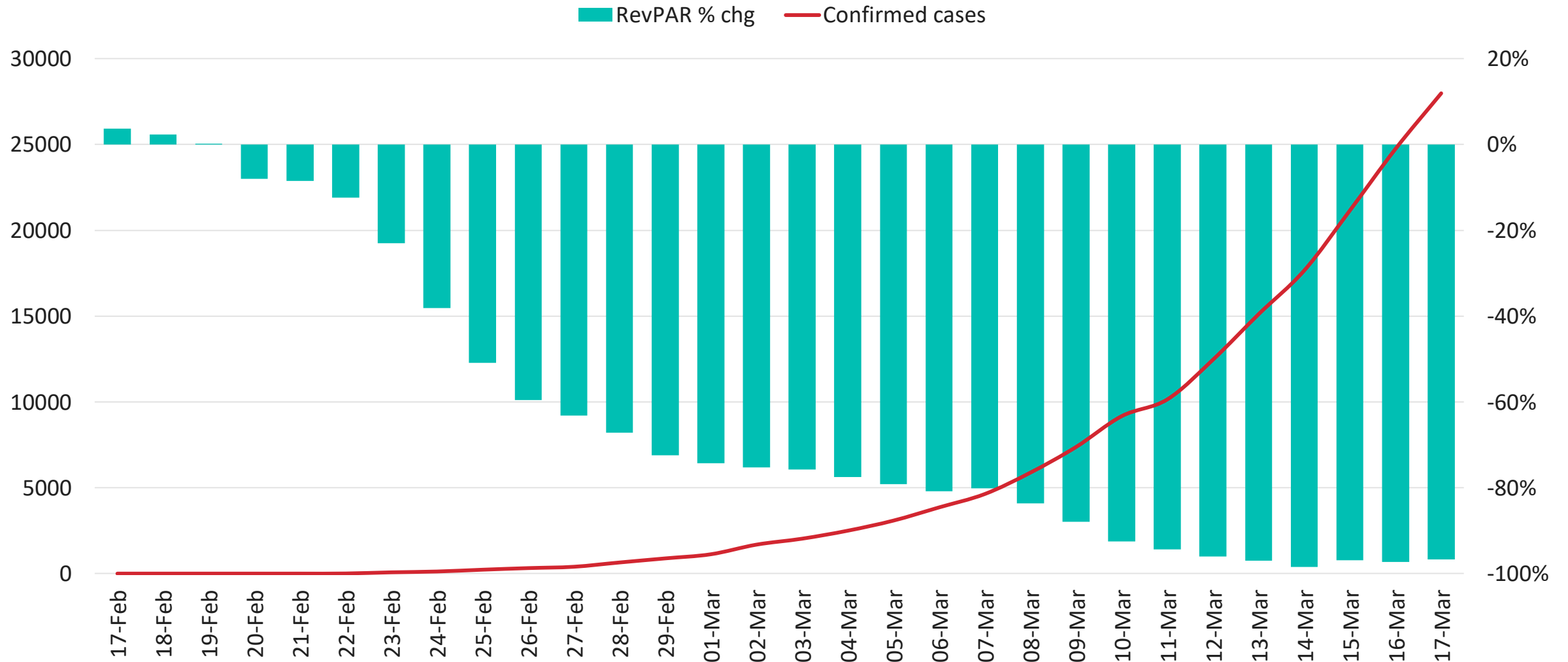
Italy shows the strongest impact in Occupancy decline across Europe

Occupancy and confirmed cases, Italy, March 2020



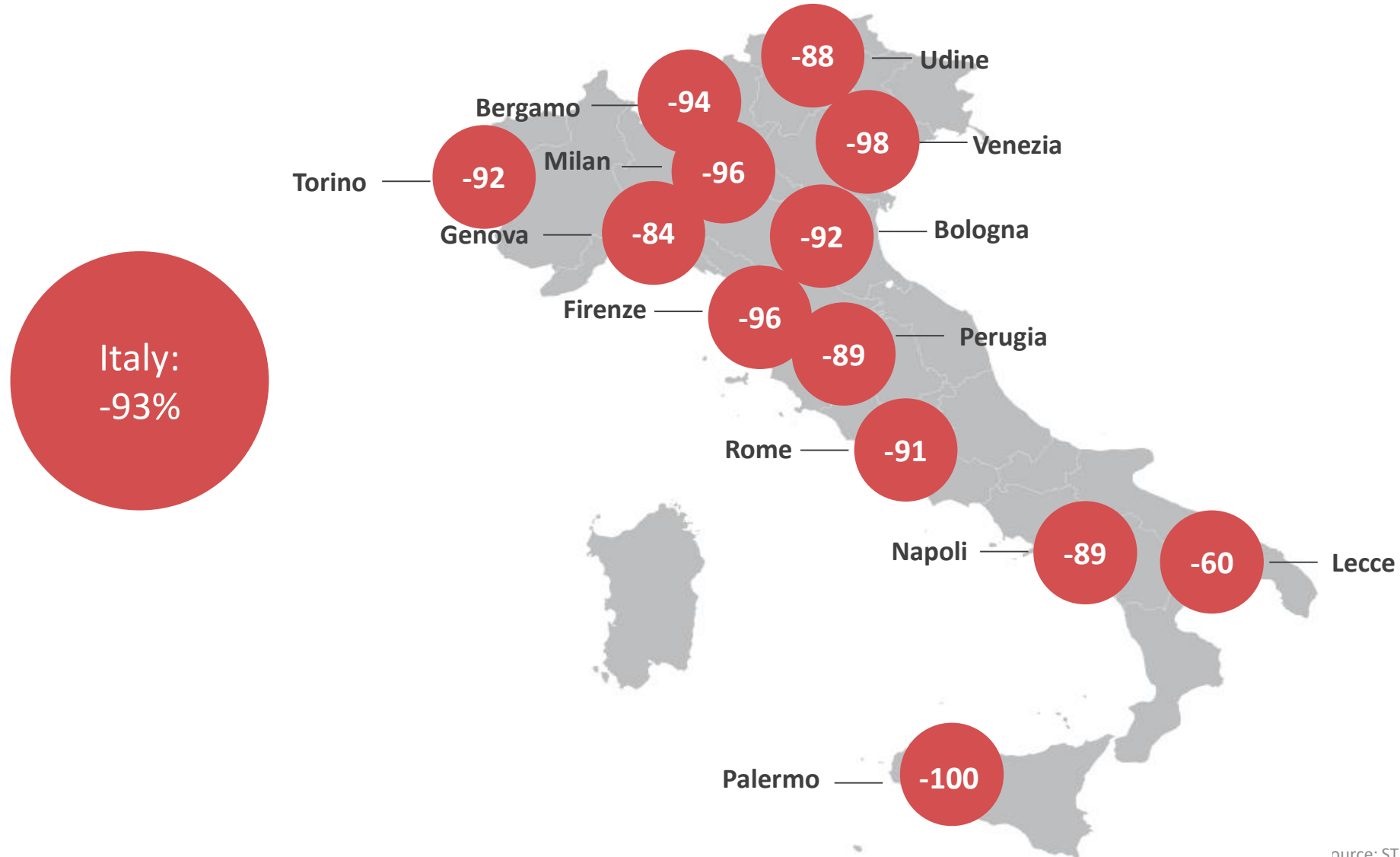
RevPAR % change follows similar trend as Occupancy

RevPAR % change vs prior year and confirmed cases, Italy, March 2020



However, markets have been hit hard in the last week

9th – 15th of March, Occupancy % change vs prior year



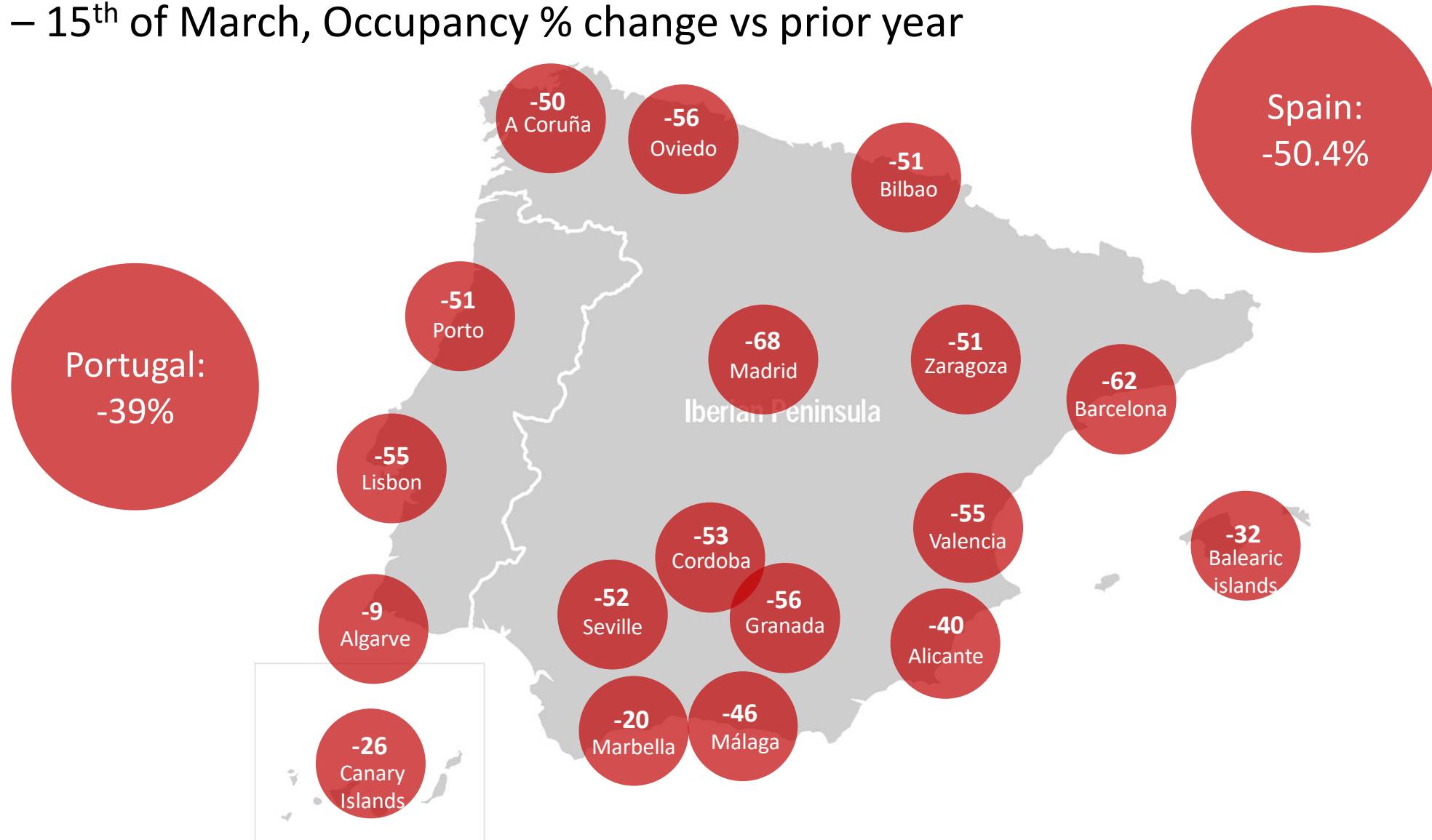


Spain



Occupancies decline significantly across the peninsula

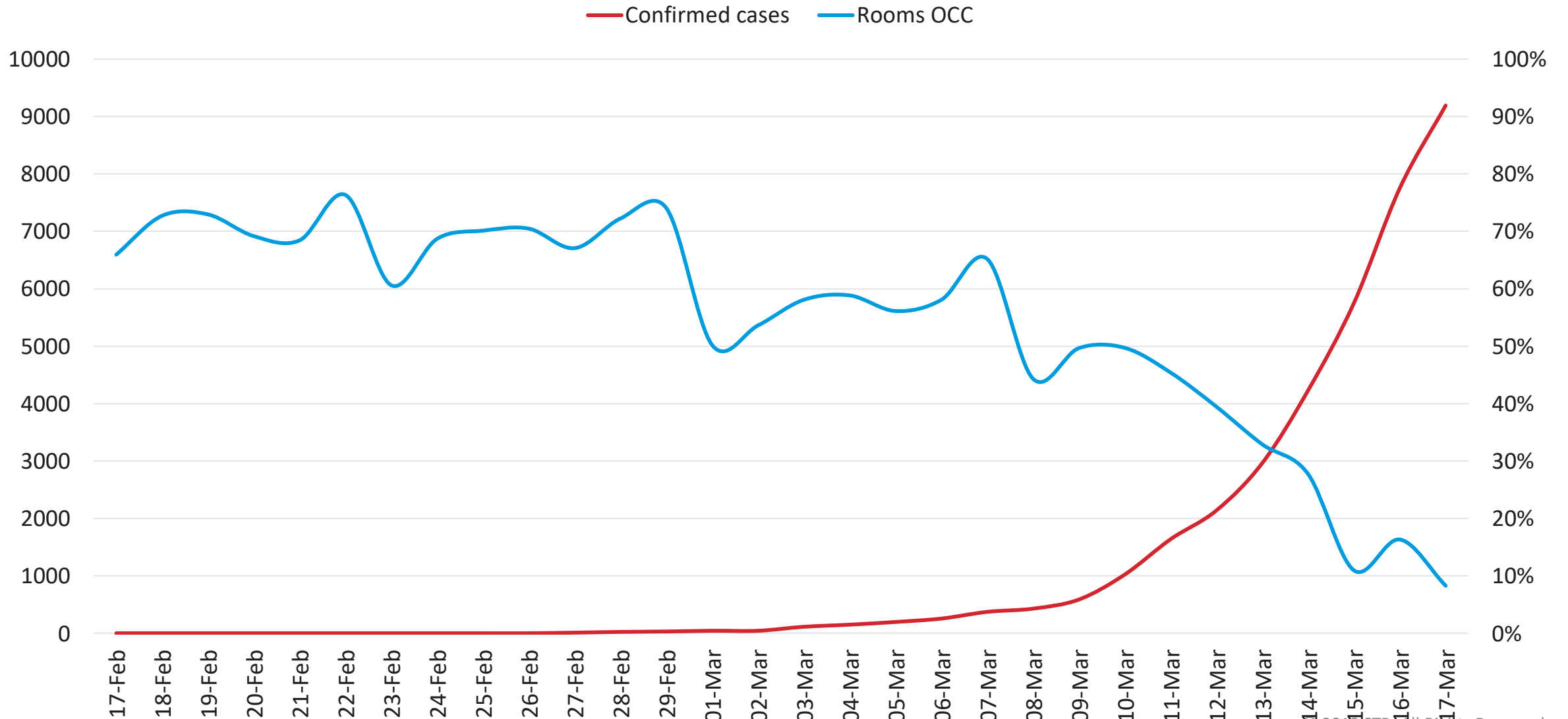
9th – 15th of March, Occupancy % change vs prior year



Occupancy in Spain following the same trend as Germany and France

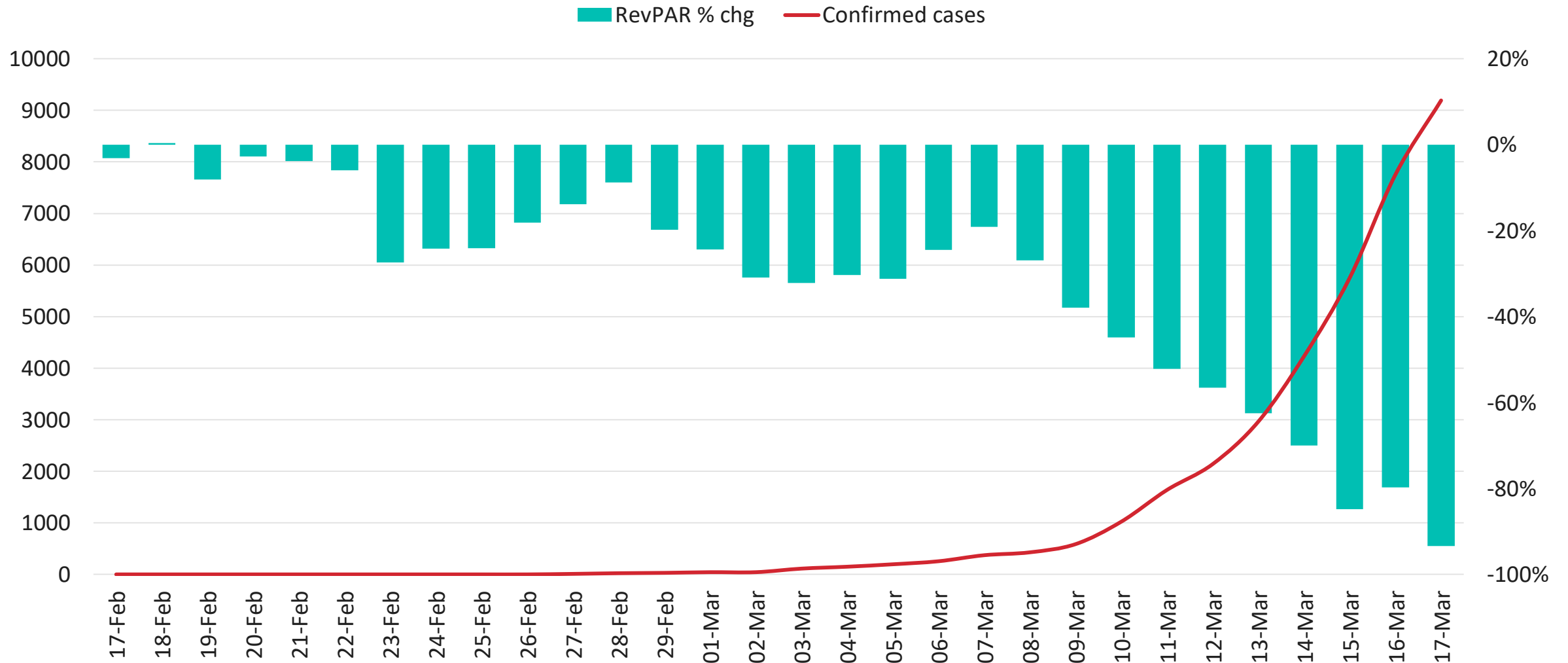


Occupancy and confirmed cases, Spain, March 2020



RevPAR % change shows steep decline since 8th of March

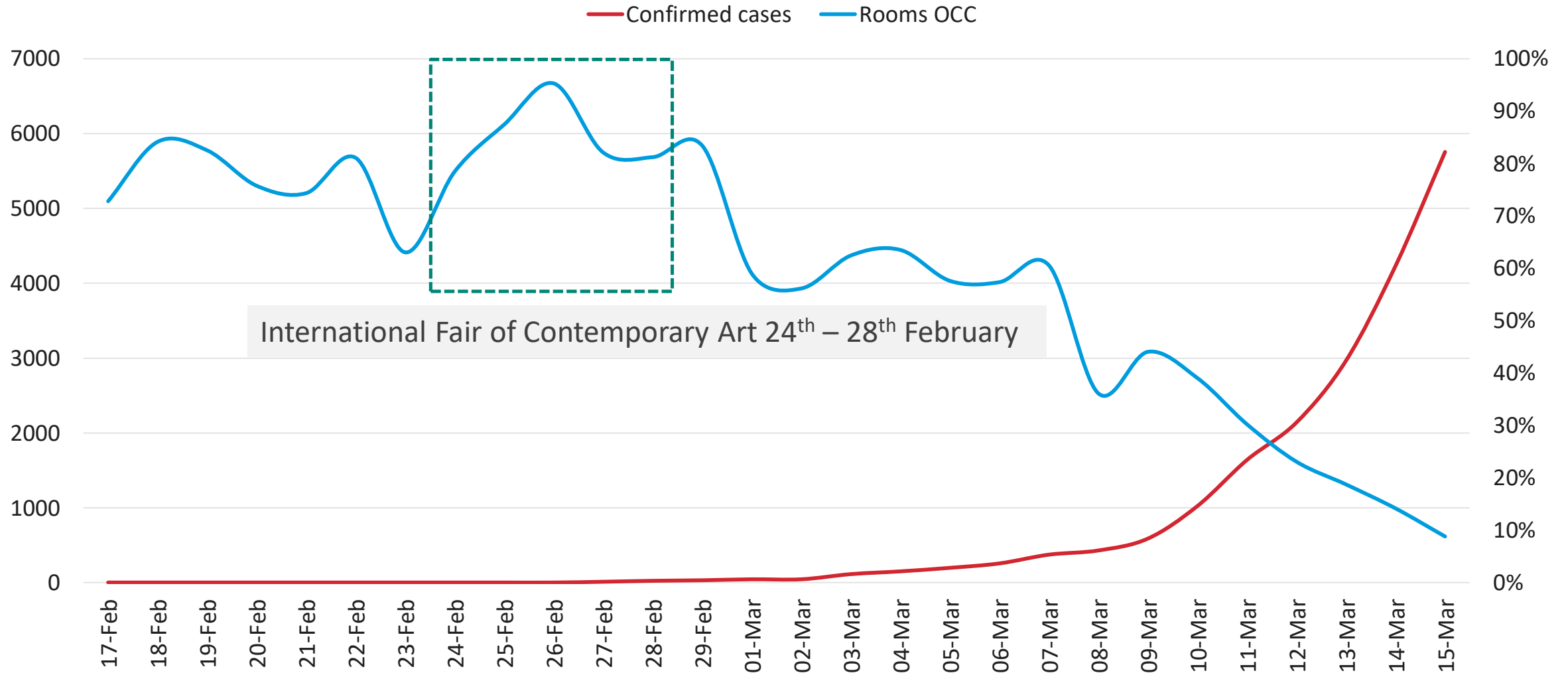
RevPAR % change vs prior year and confirmed cases, Spain, March 2020



Occupancy peaks during the International Fair of Contemporary Art before a severe decline

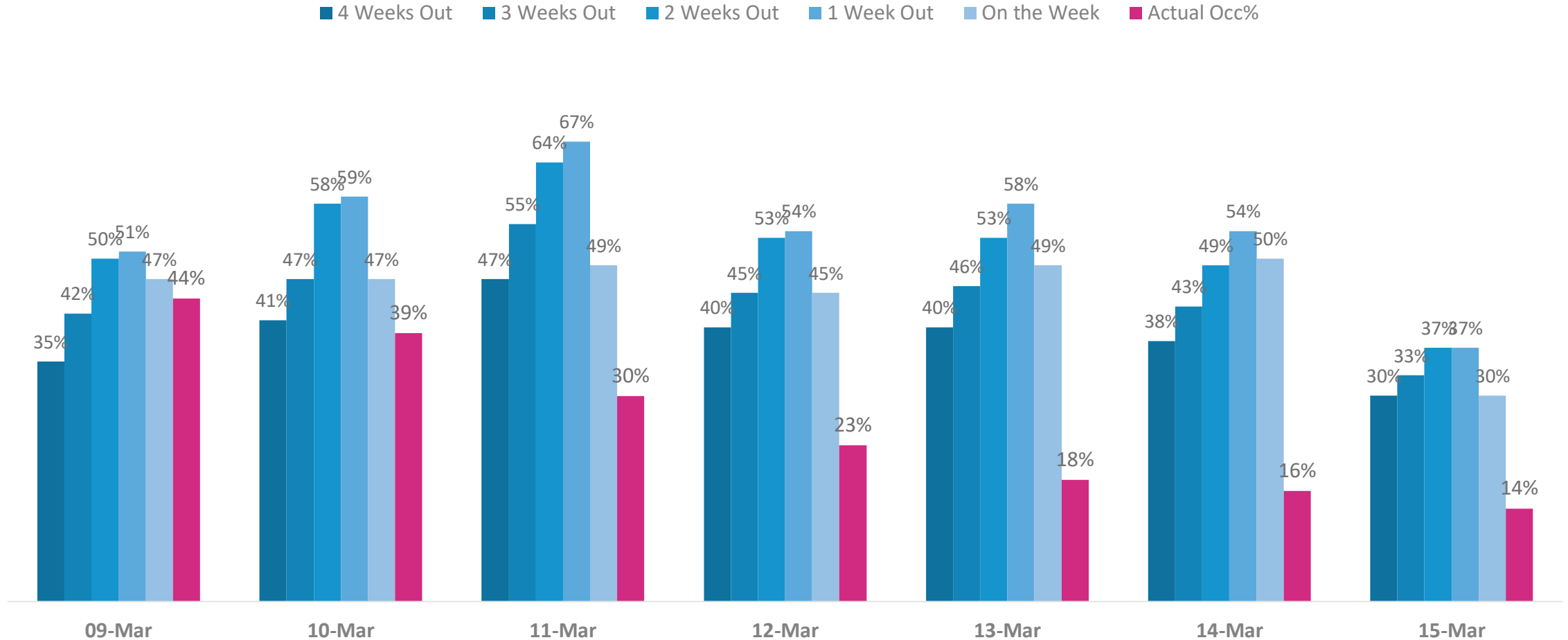


Occupancy and confirmed cases, Madrid, March 2020



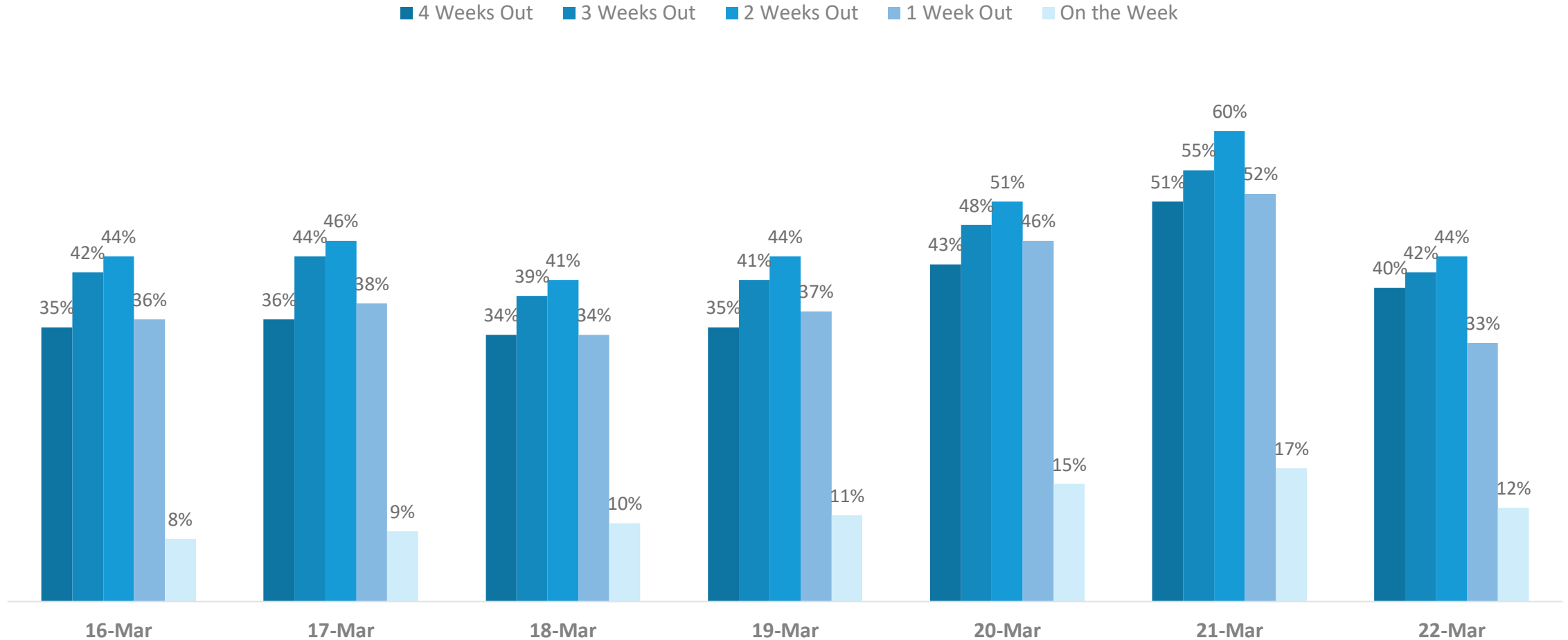
No shows proving difficult to take into account

Madrid forward and actualized occupancy for week prior to lockdown



Madrid Forward Occupancy highly impacted by lockdown

Forward occupancy for 1st week of lockdown

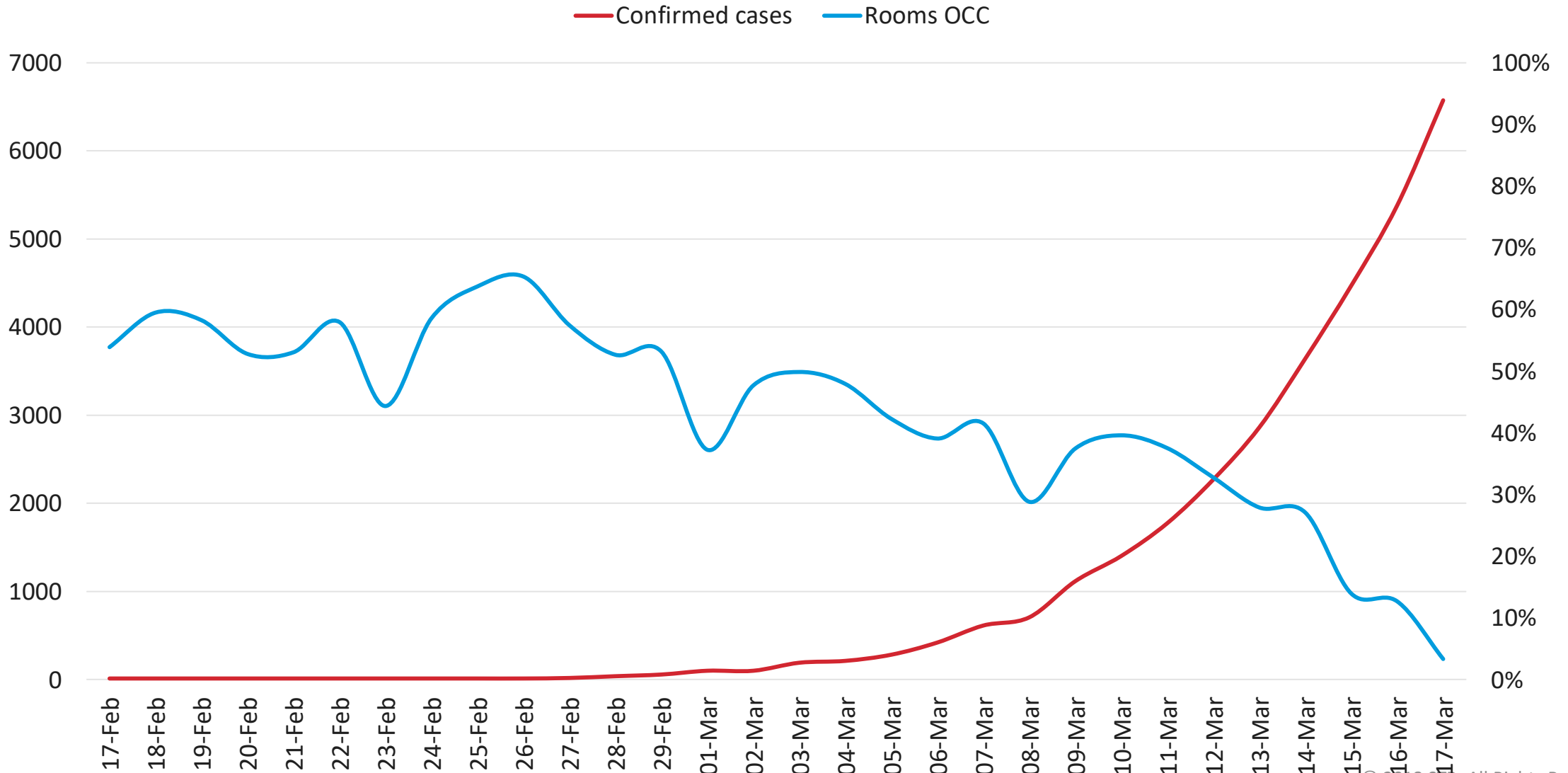




France

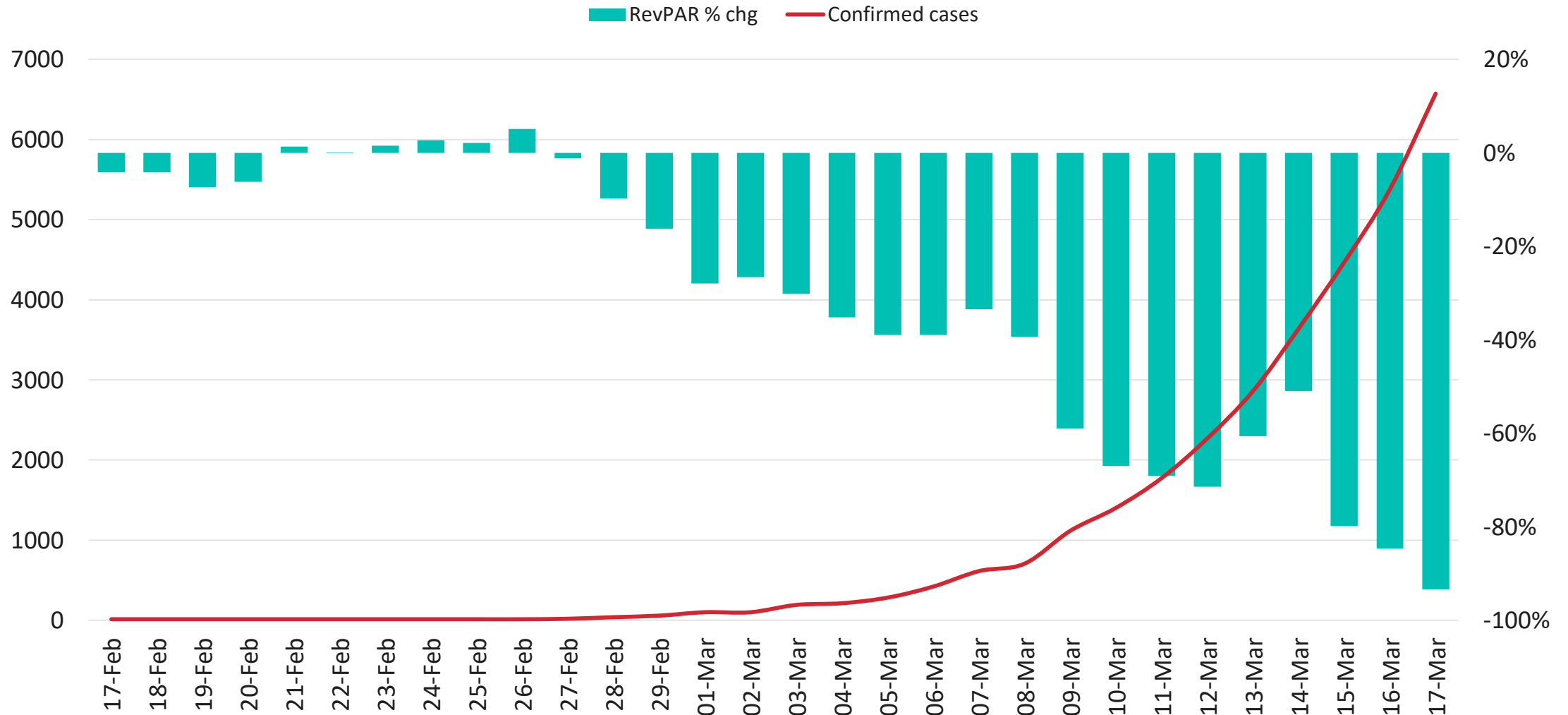
Occupancy goes below 30% as number of cases are increasing

Occupancy and confirmed cases, France, March 2020



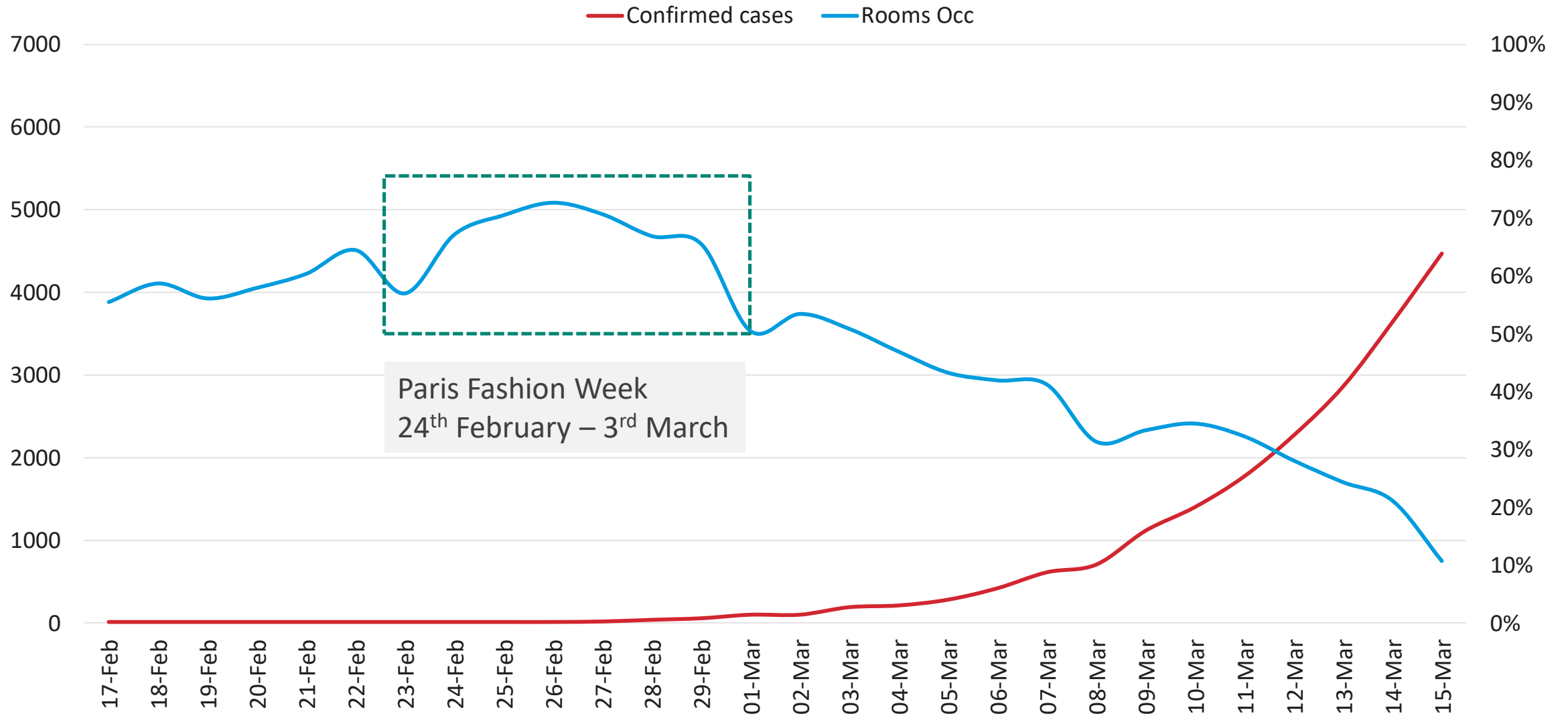
RevPAR % follows an exponential decrease as cases increase

RevPAR % change vs prior year and confirmed cases, France, March 2020



Paris Fashion Weeks maintains Occupancy before it plunges

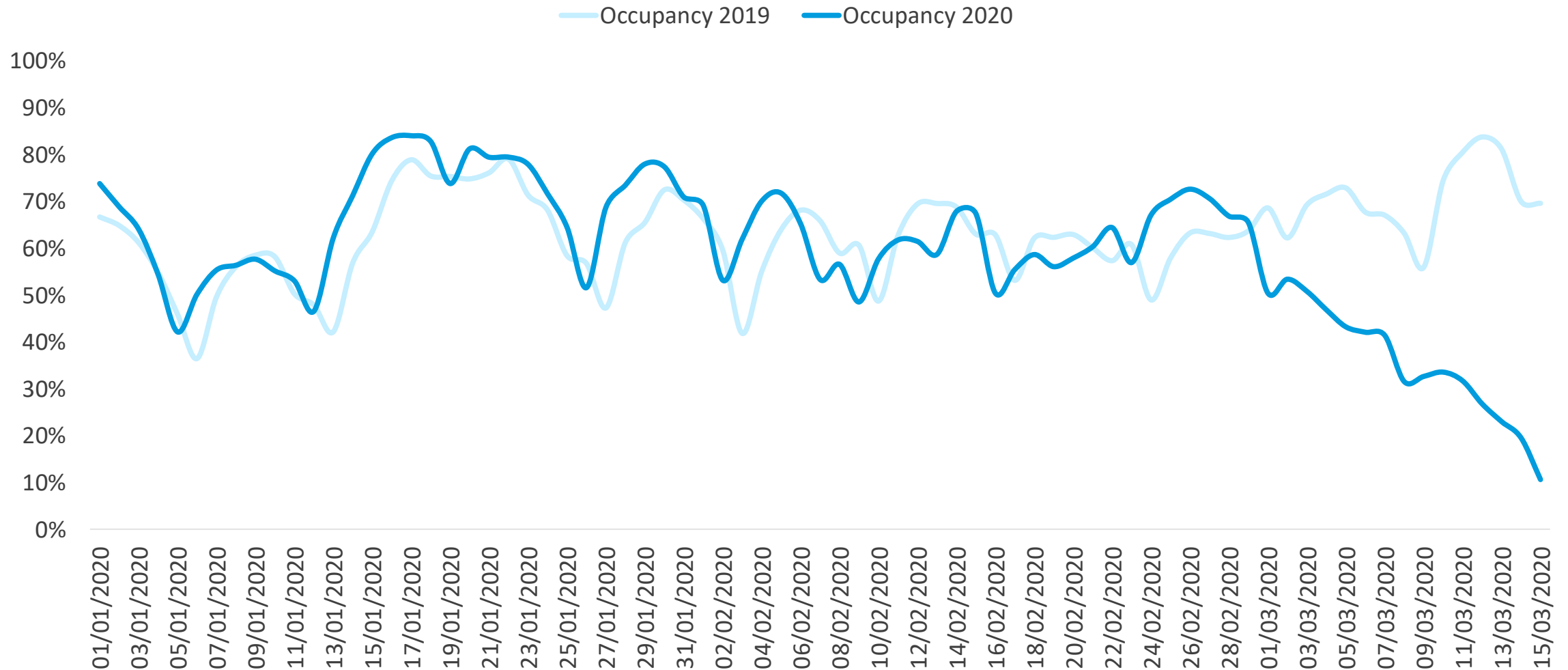
Occupancy and confirmed cases, Paris, March 2020



Paris



Occupancy % Change, Daily Data from January 1st – March 15th 2020

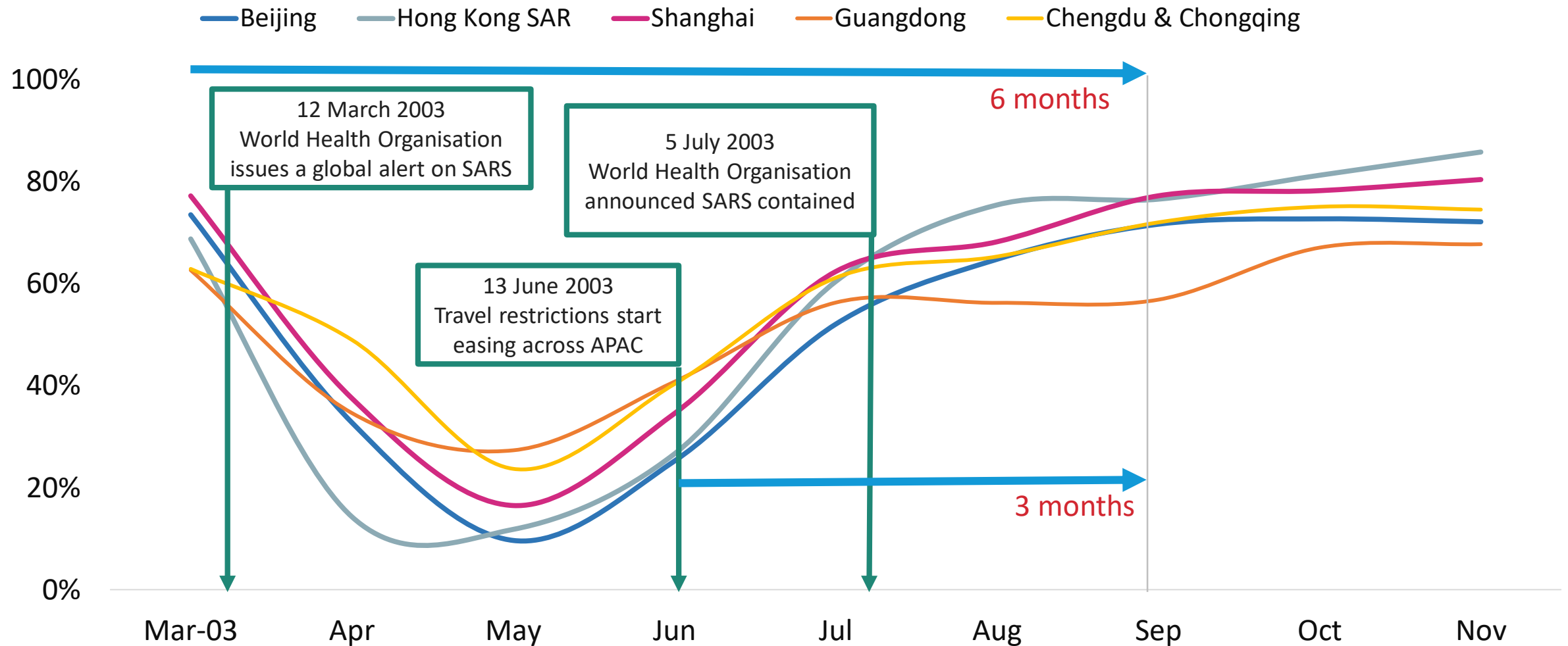


Recovery scenarios & conclusions



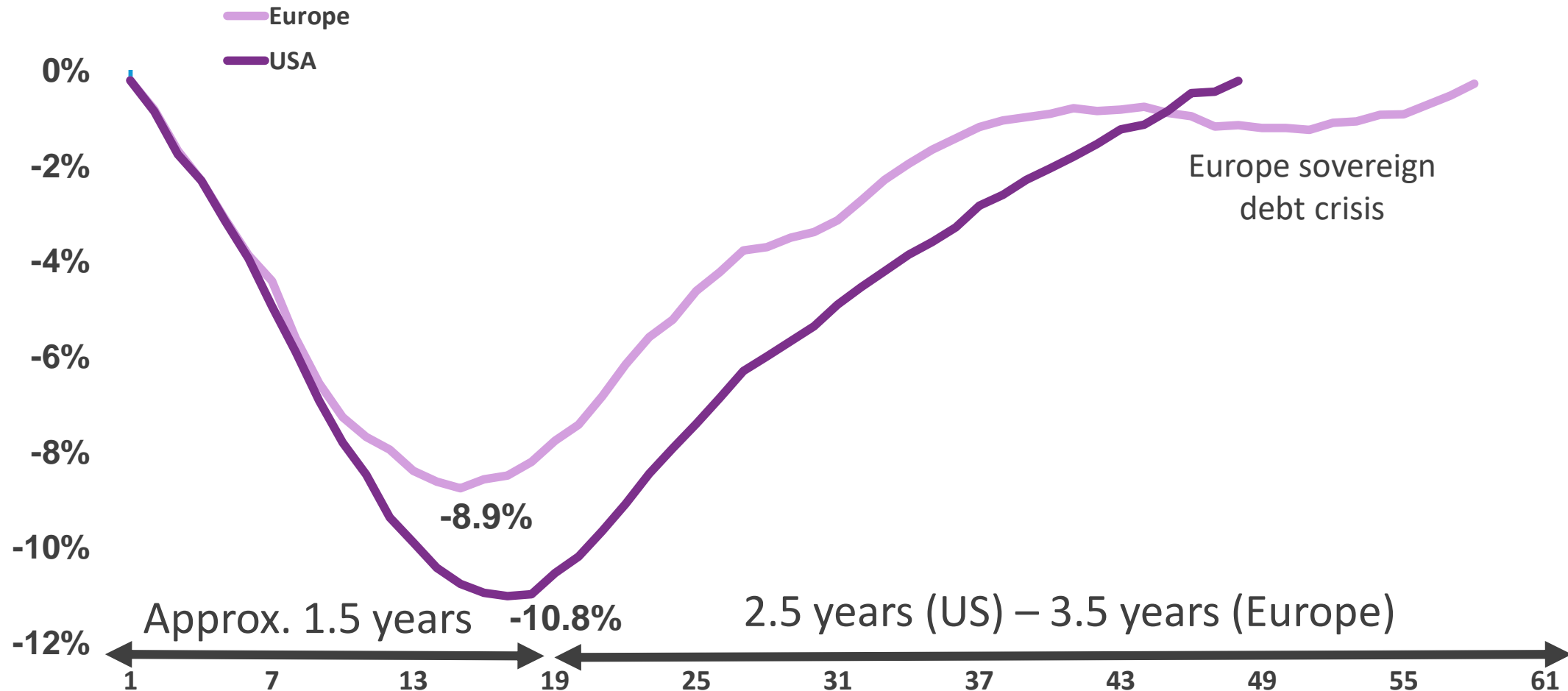
Performance bounced back quickly after SARS – that seems less likely now

China, March-November 2003 Occupancy



Occupancy recovery took longer in the 2008 global financial crisis

12 Moving Monthly Average occupancy indexed to Sep 2008



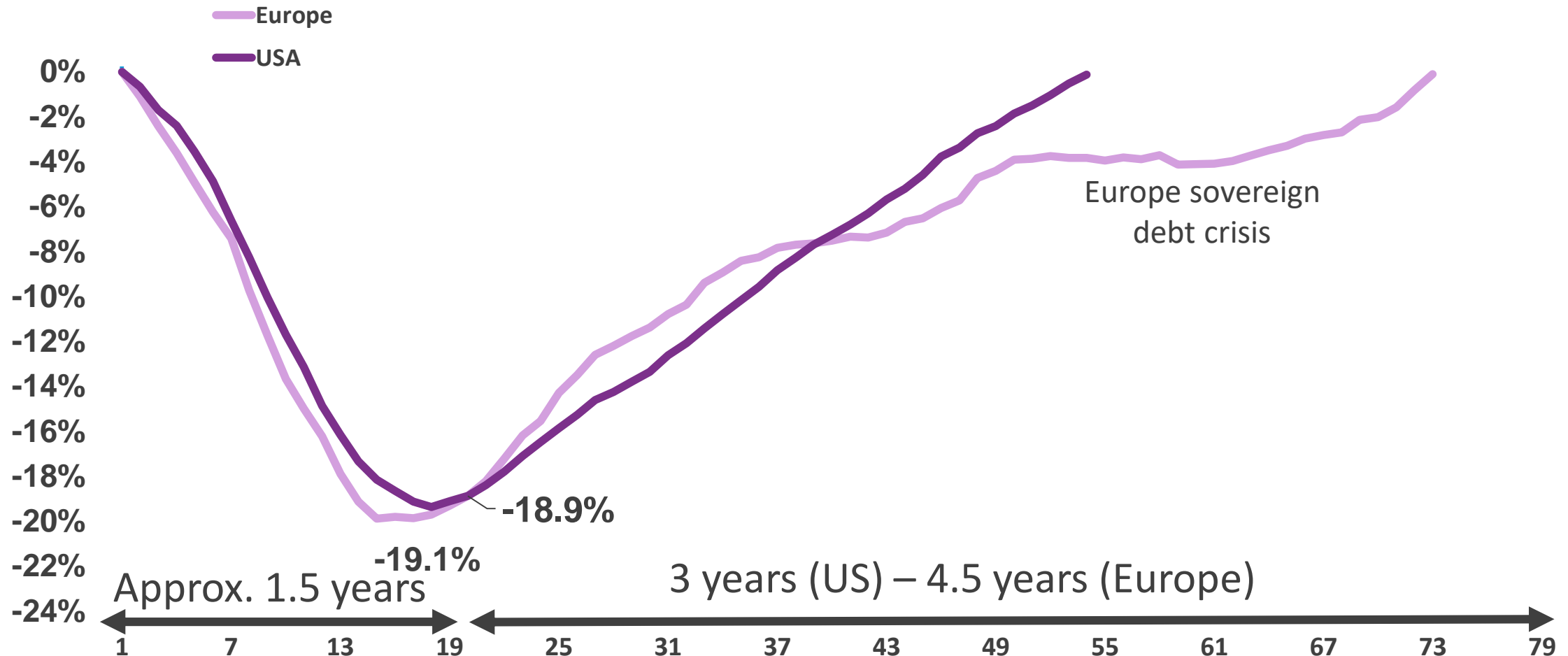
Rate recovery profile of 9/11 was much faster than the 2008 GFC

Total U.S., Monthly ADR % Change, Starting 9/11 and 2008 Global Financial Crisis



RevPAR recovery was an extra 0.5 to 1 year after occupancy

12 month moving average RevPAR indexed to September 2008



Conclusions



1. **Coronavirus is having a devastating impact on our industry**

- Over 40% of hotels in China closed temporarily
- Expect similar or more severe closure in other countries
- How long they stay closed for depends on the virus persists

2. **Forecast scenarios have worsened significantly**

- Many economists now expecting a global recession
- Length and depth again dependant on virus... and government intervention
- The big question is will this have a long term impact on travel behaviour

3. **What can you do now**

- Start with the end in mind – we will bounce back
- Plan for the summer / second half of the year – there will be a lot of people with leave to take
- Look after each other – and do those things you've never managed to prioritise
- Remember this is about lives, not numbers



Questions



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