



Grant Thornton

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Report Overview

Vietnam Hotel Survey 2012

This is an Executive Summary of the full 54 page Hotel Survey Report. Full copies can be obtained from Grant Thornton Vietnam

Grant Thornton Vietnam June 2012



Introduction

Grant Thornton Vietnam's Hotel Survey 2012 presents financial, operational and marketing information for the 2011 financial year from a range of Vietnamese hotels and resorts.

For simplicity, “Hotel” refers to both hotels and resorts, with our survey covering 3 to 5-Star rated hotels. Statistics are presented by Star Category (hotel ratings), Hotel Size (number of rooms) and Hotel Region (hotel location).

When presenting the statistics, hotel size is defined within three categories ranging from small to large hotels, described as less than 75 rooms, 75 to 150 rooms and more than 150 rooms.

Lastly, hotel regions are separated into the three main areas of Vietnam; the North, the Central and Highlands and the South. In the North, the hotel participants are located in the capital Hanoi and Ha Long City. In the Central and Highlands region, the hotels are located in cities such as Da Nang, Hoi An, Hue, Nha Trang and Phan Thiet. Hotel participants from the South are mainly located in Ho Chi Minh City, Phu Quoc and Vung Tau.

This report is prepared to provide readers with a general, as well as specific, view on hotel operations in Vietnam by presenting data covering different

criteria for analysis such as hotel facilities, staffing, financial data and market data. For financial analysis, the data is shown up to net profit before interest, tax, depreciation and amortisation (“EBITDA”) for the purpose of relevant comparability. The unit of currency is the United States Dollar.

As can be seen later in this report, most data is presented in percentage terms or as averages. For instance, with financial statements, dollar figures are shown as a percentage of total revenues. In the market data analysis and other sections, statistics are in the form of averages of the respective items.

For ease of comparison, the report presents the survey results of each specific category along side key findings. In the Appendices, readers can also find tables showing the minimum, maximum and mean values of market data for the 2010 and 2011 financial years. This report, however, does not attempt to set operating results for the Vietnam hotel industry. The figures and ratios in this report should not be considered as standards for any type of property.

The report users also need to note that not all changes from one year's results to another are due to actual year-to-year differences. Sometimes, they may be a result of a different mix of survey participants. Readers should note that due to limits on analysing data based on specific sample sizes, the results should be regarded as indicative only.

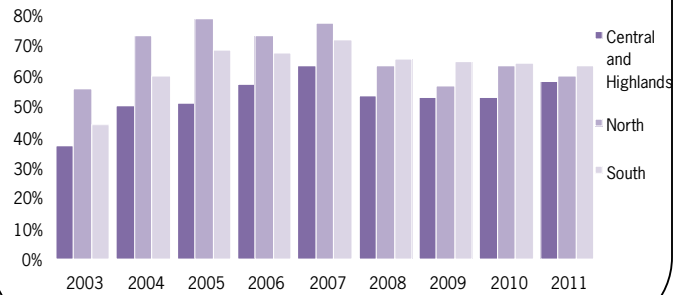
Key trends

Average Annual Room Rates by Star ranking (2003-2011)



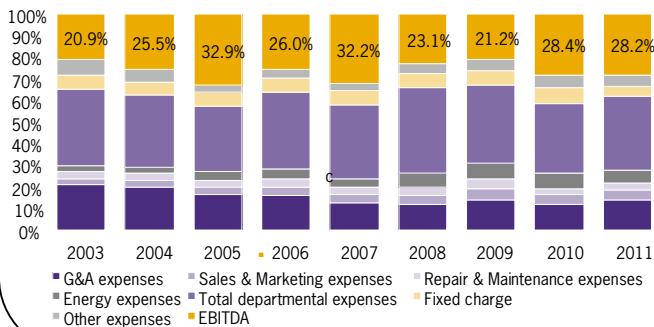
9.1% increase in average room rates

Average Occupancy Rates by Region (2003 – 2011)



0.7% increase in overall occupancy rates with 3-Star hotels rising by an impressive 8.1%

Expenses & Profit as Percentage of Revenue (2003 – 2011)



0.2% EBITDA decreased in 2011 compared with 2010

Source of Guests (2003 – 2011)



6.5% increase in proportion of international guests

Hotel Survey 2012 Overview

Maintaining the success of the preceding year, Vietnam’s Hospitality and Tourism industry in 2011 again achieved a creditable result with more than 6 million foreign visitors. This is a 19.1% growth year on year.

Grant Thornton’s Hotel Survey report 2012 will provide readers with a detailed evaluation of Vietnam’s tourism and hotel industry for the year 2011 in comparison with prior years. Moreover, the report also demonstrates an analytical study for the sustainable future growth within the industry.

Operating Figures

Key Operating Figures 2011

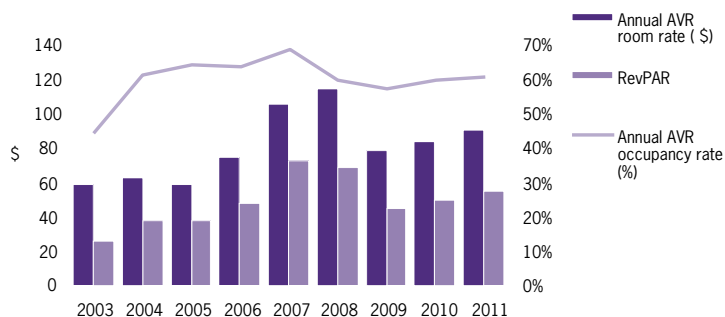
Composition	3-Star	4-Star	5-Star
Average number of rooms per hotel	55	101	243
Average occupancy rate per hotel (%)	66.4%	58.9%	57.4%
Average room rate per hotel (USD)	\$45.54	\$92.87	\$123.04
Average RevPAR* per hotel (USD)	\$30.24	\$54.67	\$70.61
Net profit margin (%)	18.9%	37.8%	28.4%

*RevPAR: Revenue Per Available Room

This year's survey indicates a growth in occupancy in 3-Star hotels; with the highest occupancy rate of 66.4%.

The Revenue per available room, (RevPAR), the standard industry measure of room utilisation and return, showed an overall increase from USD49.73 to USD54.89. That was 10.4% higher compared with 2010; which was contributed by the growth in both occupancy rates and room rates of 0.7% and 9.1% respectively.

Annual Room Rate, Occupancy Rate and RevPAR (2003-2011)



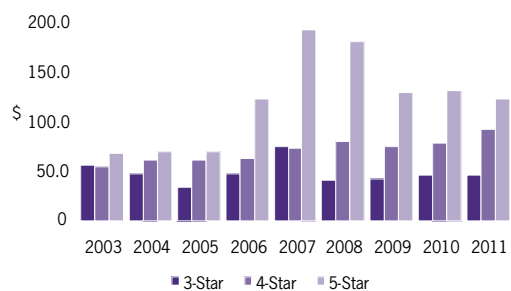
Rooms Rate by selected Categories

This year, Phan Thiet achieved the highest increase in room rates of 11.5%. Room rates in other cities also increased in 2011, with Da Nang – Hoi An, and Hanoi showing a 5.7% increase year on year. Ho Chi Minh City, however, surprisingly had only a marginal increase of 0.7% in average room rate compared with the prior year.

Annual Average Room Rates for Selected Cities (2011 vs 2010)

Location	2010	2011	Change
Da Nang	\$57.02	\$60.27	5.7%
Hoi An	\$57.02	\$60.27	5.7%
Hanoi	\$80.78	\$85.41	5.7%
Ho Chi Minh City	\$85.16	\$85.79	0.7%
Phan Thiet	\$72.00	\$80.30	11.5%

Average Room Rates (\$) by Star-ranking (2003-2011)



4-Star hotels strengthened their room rates with an average of 18.2% increase, whereas the 3-Star and 5-Star hotels experienced a reduction in their room rates of 2.9% and 6.2% respectively.

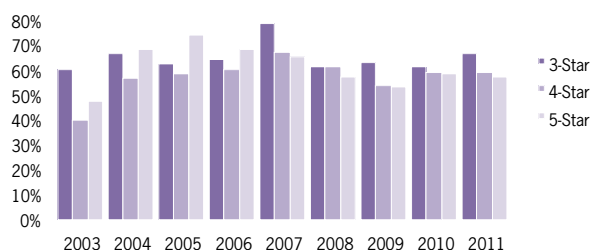
Occupancy rates by selected Categories

Da Nang and Hoi An achieved an average increase of 6.2% in occupancy followed by Ho Chi Minh City with 2.3% increase. Other cities having a disappointing year were Phan Thiet and Hanoi that had a fall in 2011, of 6.6% and 1.8% respectively.

Average Occupancy Rates (%) by Selected Cities (2011 vs 2010)

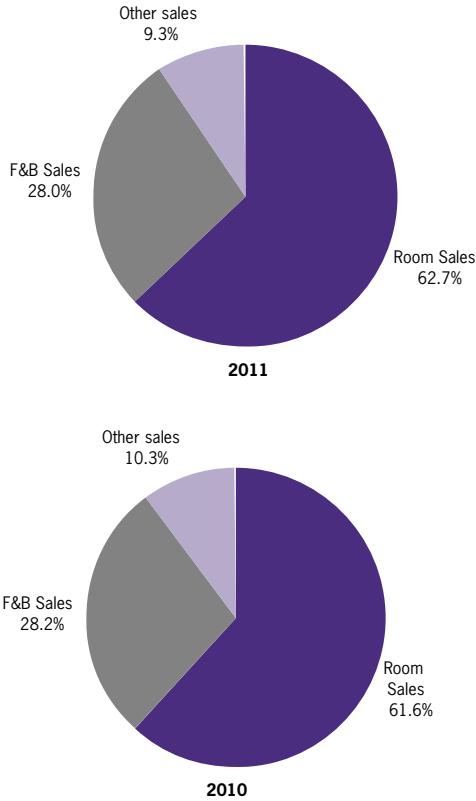
Location	2010	2011	Change
Da Nang	63.3%	69.4%	6.2%
Hoi An	63.3%	69.4%	6.2%
Hanoi	63.5%	61.7%	(1.8%)
Ho Chi Minh City	64.7%	67.1%	2.3%
Phan Thiet	63.6%	57.0%	(6.6%)

Average Occupancy Rates (%) by Star-ranking (2003-2011)



A rising trend in occupancy rates was observed for 3-Star category in 2011 while both 4 and 5-Star hotels experienced a slight decline in their average occupancy rate with 58.9% and 57.4% rooms being utilised, respectively.

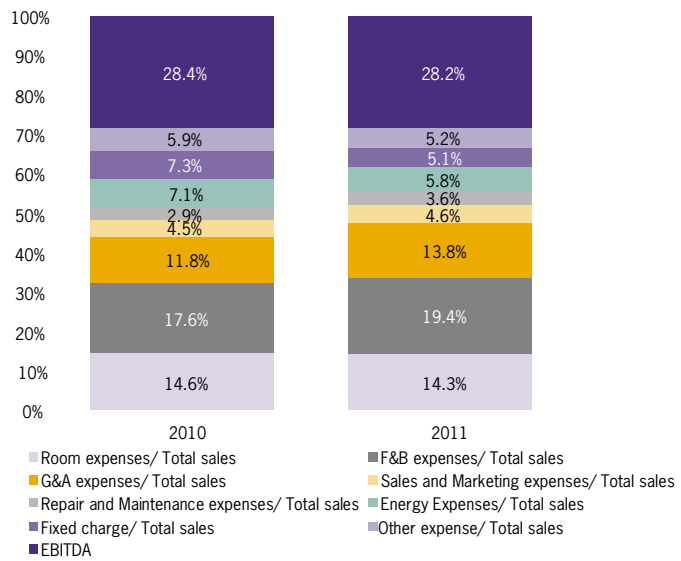
Revenue Breakdown (2011 vs 2010)



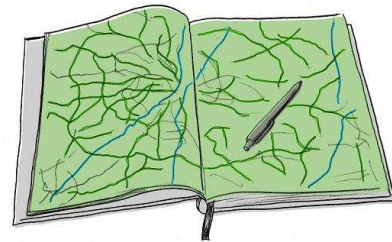
In 2011, the Vietnamese hospitality sector experienced a less profitable year than 2010, with average EBITDA decreasing by 0.2% to 28.2% despite a reduction in a number of cost factors.

F&B expenses and G&A expenses are the two main revenue expenses in 2011 which directly led to lower net performance of the hotels. F&B increased 1.8% and G&A increased 2.0% as a percentage of sales.

Expenses and Profit as Percentage of Revenue (2011 vs 2010)



Revenue consists of room sales, F&B sales and other services' sales (income from banquet, spa, conference and business centre). There was a relatively constant trend in revenue split into 3 main categories above between 2010 and 2011.



Employees

Average Number of employees' revenue and payroll in 2011

	North	Central and Highlands	South
Average number of employees/hotel	263	161	218
Average number of employees/available room	1.9	2.0	1.6
Average salary and related expenses/Employee/month	\$365.83	\$331.32	\$379.85
Average growth in staff number	26.3%	(4.9%)	(2.8%)
Average sales per employee/month	1,803	1,354	1,810

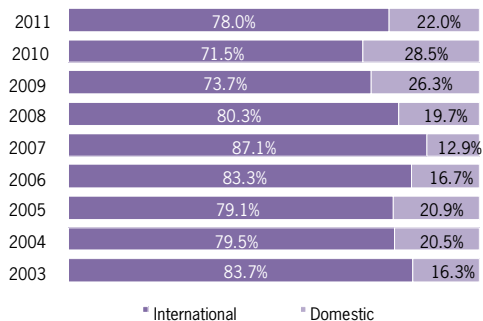
The table shows the effectiveness of average revenue per employee across all regions in Vietnam. The South had a better performance with a lower average number of employees per room (1.6 staff) but the highest average revenue per employee per month (USD1,810).

In relation to employees' salary and other related expenses, the South had the highest staff cost with a record of USD379.85 per employee per month. The North came next with USD365.83 per month, whereas Central and Highlands' employees average cost was USD331.32 per employee per month.



Sources of Guests

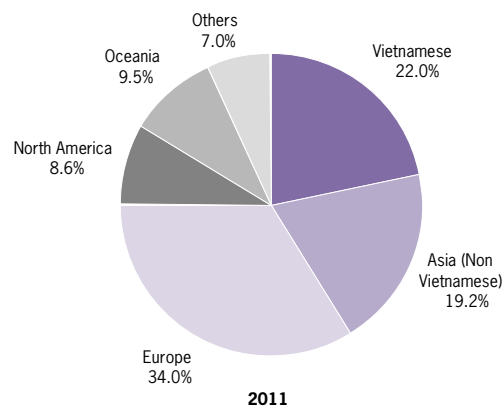
Source of Guests – International vs Domestic



The graph above shows that, of Vietnam's hotel guests, 78.0% were international tourists; representing a 6.5% increase year on year.

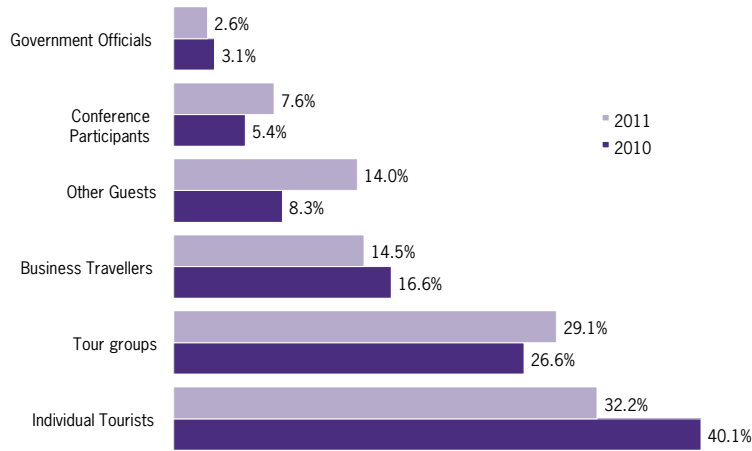
Among 78.0% international tourists, European visitors accounted for 34.0%, the largest proportion of foreign visitors. Moreover, tourists from Oceania and North America reached 9.5% and 8.6% respectively.

Source of Guests – Region



Purpose of Stay

Purpose of Stay (2010 vs 2011)



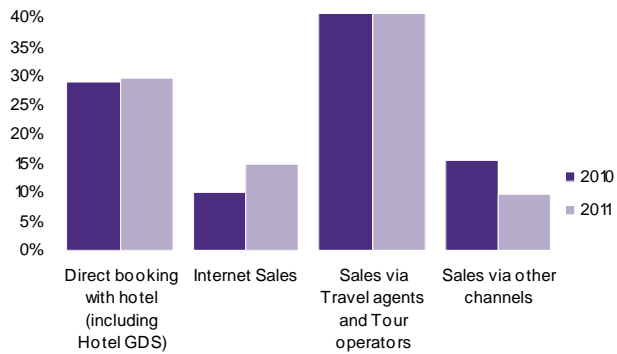
The graph shows a major drop of 7.9% in individual tourists from 40.1% to 32.2% in 2011. The number of visitors joining tour groups and attending conferences increased to 29.1% and 7.6% respectively in 2011.

Channels of Reservations

The most popular method used to reserve hotel rooms was through travel agents and directly to the hotel operators in both year 2010 and 2011.

Although internet bookings only grew 4.7% in 2011, it represented the highest growth. This is in line with the internet service in Vietnam becoming more secure and trusted by its customers. Furthermore, direct reservations with the hotels achieved only 0.8% growth and stood at 29.8% in 2011.

Source of Reservations (2011 vs 2010)



Further Information

Grant Thornton provides a wide range of services to the Hospitality sector, including:

- Audit and Assurance
- Taxation advice
- Transaction advice (buying and selling properties)
- Negotiation of management contracts
- Diagnostic and performance reviews
- Feasibility studies
- Valuations
- Internal audits and control reviews

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