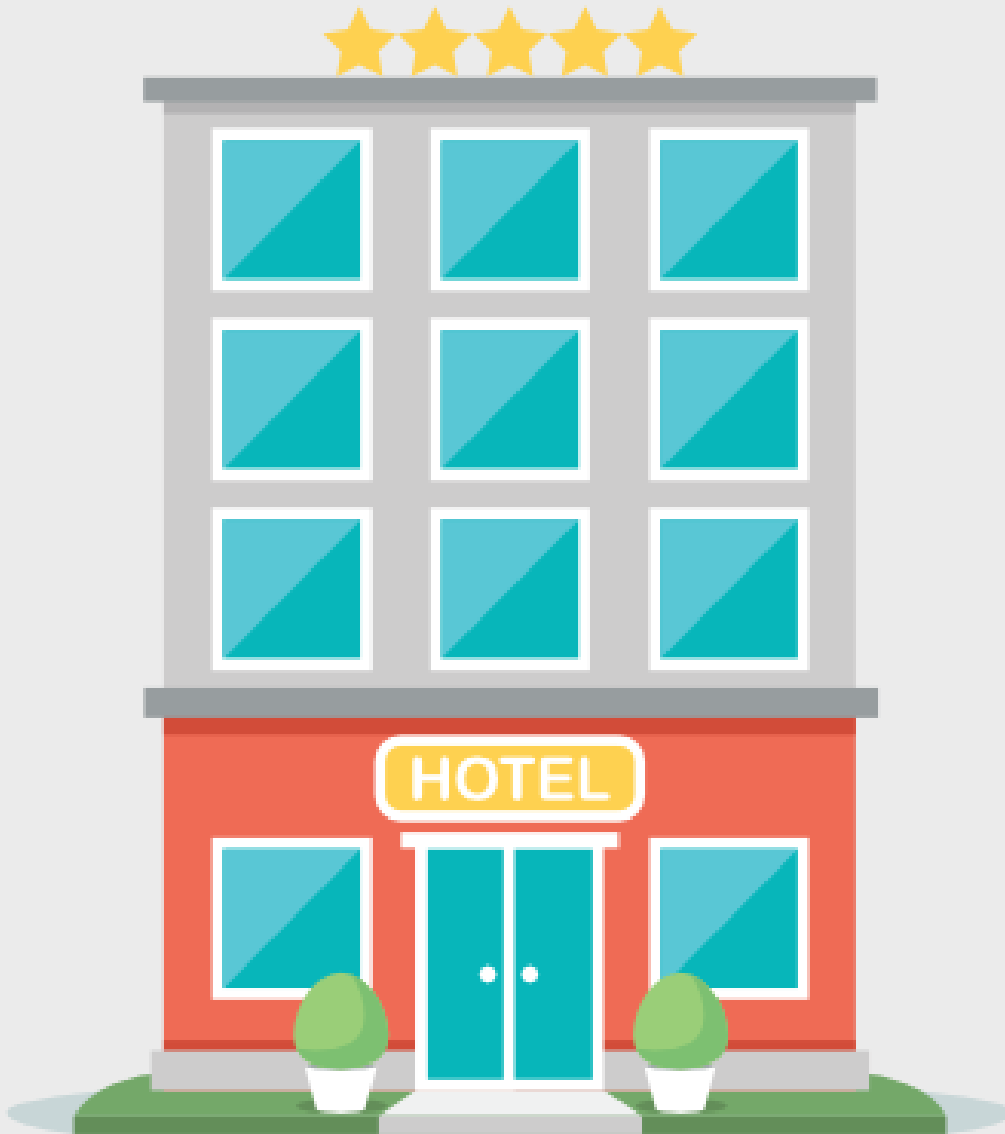




Thailand Tourism Forum – Bangkok Edition

Analyze This. A financial primer for Bangkok hotel owners .

Nikhom Jensiriratanakorn, Director



THE ESSENTIAL HOTEL LAUNCH POST COVID

The Annual Survey of Hotel Operations



- Individual market report for 12 key hotel markets
- Regional report for serviced apartment business
- Close to 1800 participating hotels in the region
- 650-700 data points per hotel
- P&L data / S&M / HR
- Covering all areas of hotel operation

Annual Study Advisory Board



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Reopening vs. Stay-Put Decision

Why?

- Preparation is key to recovery.
- Reopening too soon causes more bleeding.
- Prolonged closure loses businesses.

General Guidelines:

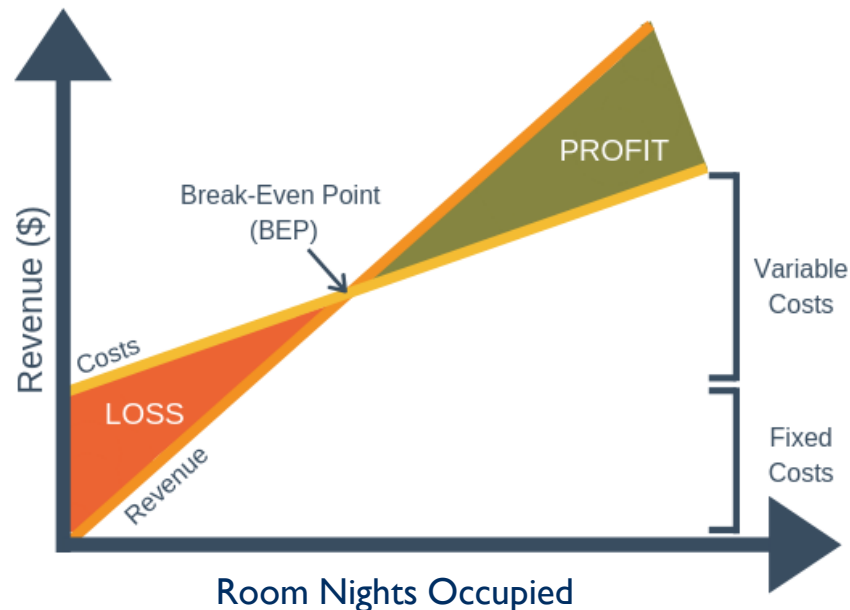
- Regular update
- Garbage in, garbage out
- Sensitivity analysis
- No rule of thumb
- Strategic considerations

Breakeven Analysis

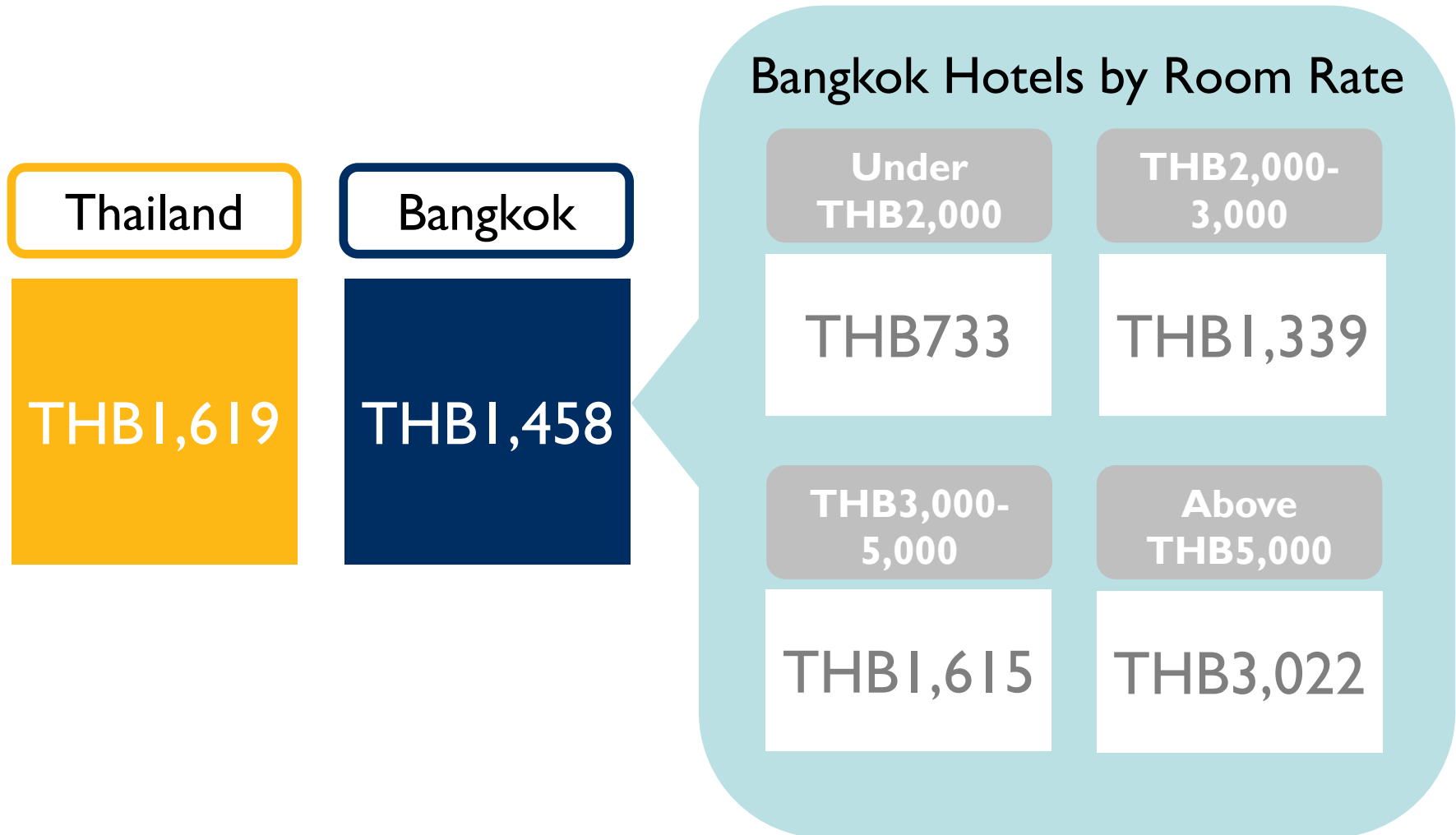
Breakeven occurs when:

$$\text{Total Revenues} = \text{Fixed Costs} + \text{Variable Costs}$$

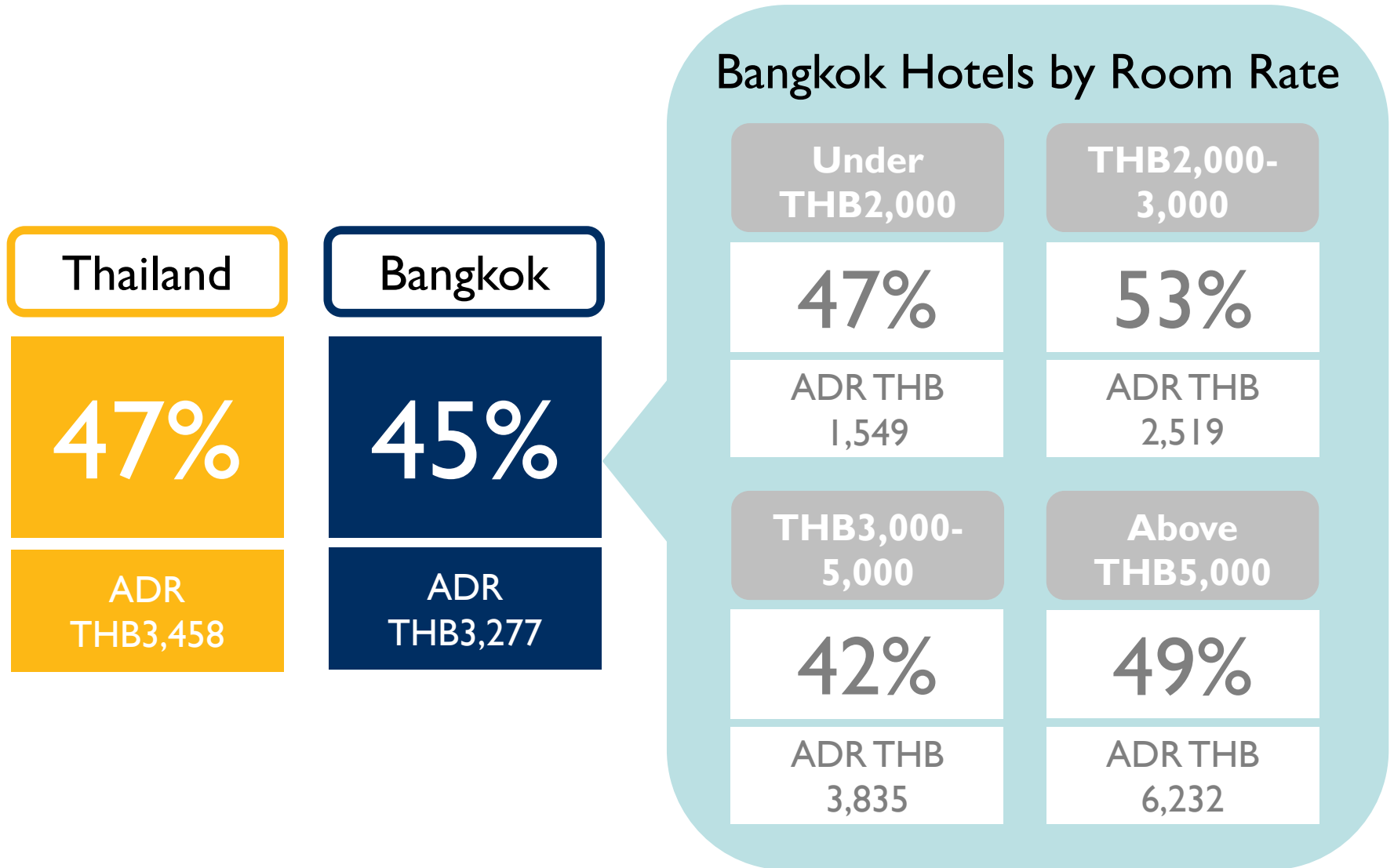
$$\text{Breakeven Room Revenue Per Available Room (RevPAR)} = \frac{(\text{Fixed Costs} + \text{Variable Costs} - \text{Non-Room Revenues})}{(\text{Total Rooms Available Per Year})}$$



Breakeven Analysis: 2019 Breakeven RevPAR (Revenue Per Available Room)



Breakeven Analysis: 2019 Breakeven Occupancy



Breakeven Analysis: Post-COVID Considerations

- Carrying costs
- Business model and cost structure
- Predictions
- Reopening costs/working capital
- Comparison of reopening and status quo

Net Cash flow (in millions)	Sep	Oct	Nov	Dec	2020
As-is (closed)	(8)	(8)	(8)	(8)	(32)
Reopening	(8)+(8)*	(6)	(5)	1	(26)
<i>*Reopening costs</i>					

“DATA WILL TALK TO YOU IF YOU ARE
WILLING TO LISTEN TO IT.”

- Jim Bergeson





THANK YOU

[Horwathhtl.asia](https://horwathhtl.asia)

Contact: nikhom@horwathhtl.com

Appendix: Putting Analytics into Practice

1. Review business model and operational structure
2. Factor in carrying costs
3. Calculate new breakeven threshold
4. Compare breakeven point vs. near-term market/property outlook
5. List down reopening costs
6. Prepare monthly pro forma & assess net cash flow position under reopening vs. as-is
7. Decide whether to reopen & provide sufficient working capital

Appendix: Putting Analytics into Practice

1. Review business model and operational structure

2. Factor in carrying costs

3. Calculate new breakeven threshold

Bangkok Hotels (Pre-COVID)

THBI,458

	Impact to BE RevPAR
I.1 Partial opening	↓
I.2 Lean manpower	↓
I.3 Reduced processes	↓
I.4 Hygiene & compliance	↑
I.5 Supply cost increase	↑
2. e.g. staffing, maintenance and utility consumption	↓

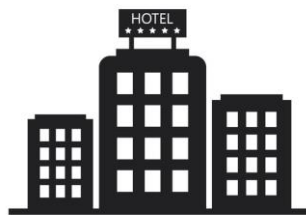
Bangkok Hotels (Revised)

THB???

Appendix: Putting Analytics into Practice

- 4. Compare breakeven point vs. near-term market/property outlook
- 5. List down reopening costs
- 6. Prepare monthly pro forma & assess net cash flow position under reopening vs. as-is

Bangkok 2019
(Pre-COVID)



Airport
Arrivals
53 million

Occ 78%
ADR THB 3,401
(STR Global)

Bangkok
(Post-COVID)



Airport Arrival
Forecast

Occ and ADR
Forecast

Appendix: Putting Analytics into Practice

4. Compare breakeven point vs. near-term market/property outlook
5. List down reopening costs
6. Prepare monthly pro forma & assess net cash flow position under reopening vs. as-is

Reopening Costs:

- Training/recruiting
- Pre-opening staff
- Pre-opening setup
- Sale & marketing
- Repair & maintenance
- F&B perishables
- Contingency

Net Cash flow (in millions)	Sep	Oct	Nov	Dec	2020
As-is (closed)	(8)	(8)	(8)	(8)	(32)
Reopening	(8)+(8)*	(6)	(5)	1	(26)
<i>*Reopening costs</i>					

7. Decide whether to reopen & provide sufficient working capital