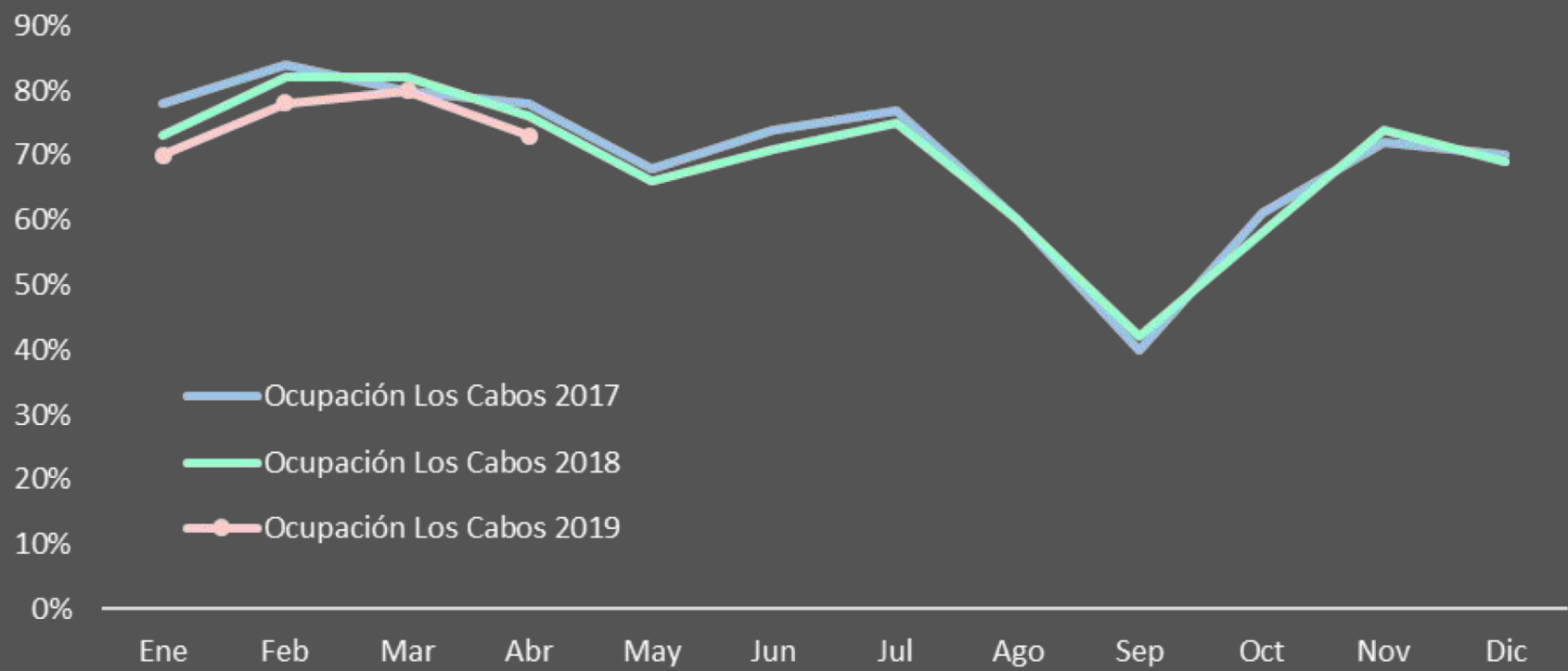


TOURISM OBSERVATORY IN LOS CABOS

JULY 2019

Main indicators - Summary

Hotel activity



Source: ASOCIACION DE HOTELES DE LOS CABOS

Available Rooms
(May-2019):
20,228
+0.5%
(Vs May-2018)

Source: DATATUR

Hotel Occupancy
(May-2019):
67%
+1pp
(Vs May-2018)

Source: ASOC. DE
HOTELES DE LOS
CABOS

Rooms Per Night
(May-2019):
967,125
+6.8%
(Vs May-2018)

Source: DATATUR

Arrival of passengers by air

Total passengers
(June 2019, in thousands):
242.7
+8.1%
(Vs June-2018)

Domestic Passengers
(June-2019, in thousands):
84
+25.6%
(Vs June-2018)

International passengers
(June-2019, in thousands):
158.7
+0.7%
(Vs June-2018)

Source: GAP

Total of Group Business
RFPs (Mar-2019):
31
+17 RFPs
(Vs Mar-2018)

Surveys from Tourists
Tourist Satisfaction (more
than expected, May-2019):
38.8%
-3.9pp
(Vs May-2018)

Passengers on a cruise
ship
(May-2019):
16,270
+41.8%
(Vs May-2018)

Participants in congresses
and conventions (Apr-
2019):
2% of the total
+1pp
(Vs May-2018)
Source: Survey to Tourists

Origin of Tourists
(Apr-2019):
73.5% Foreigners
+1.7pp
(Vs May-2018)
Source: Survey to Tourists

Cruise ships
(May-2019):
7
-53%
(Vs May-2018)
Source: DATATUR



TOURISM OBSERVATORY IN LOS CABOS

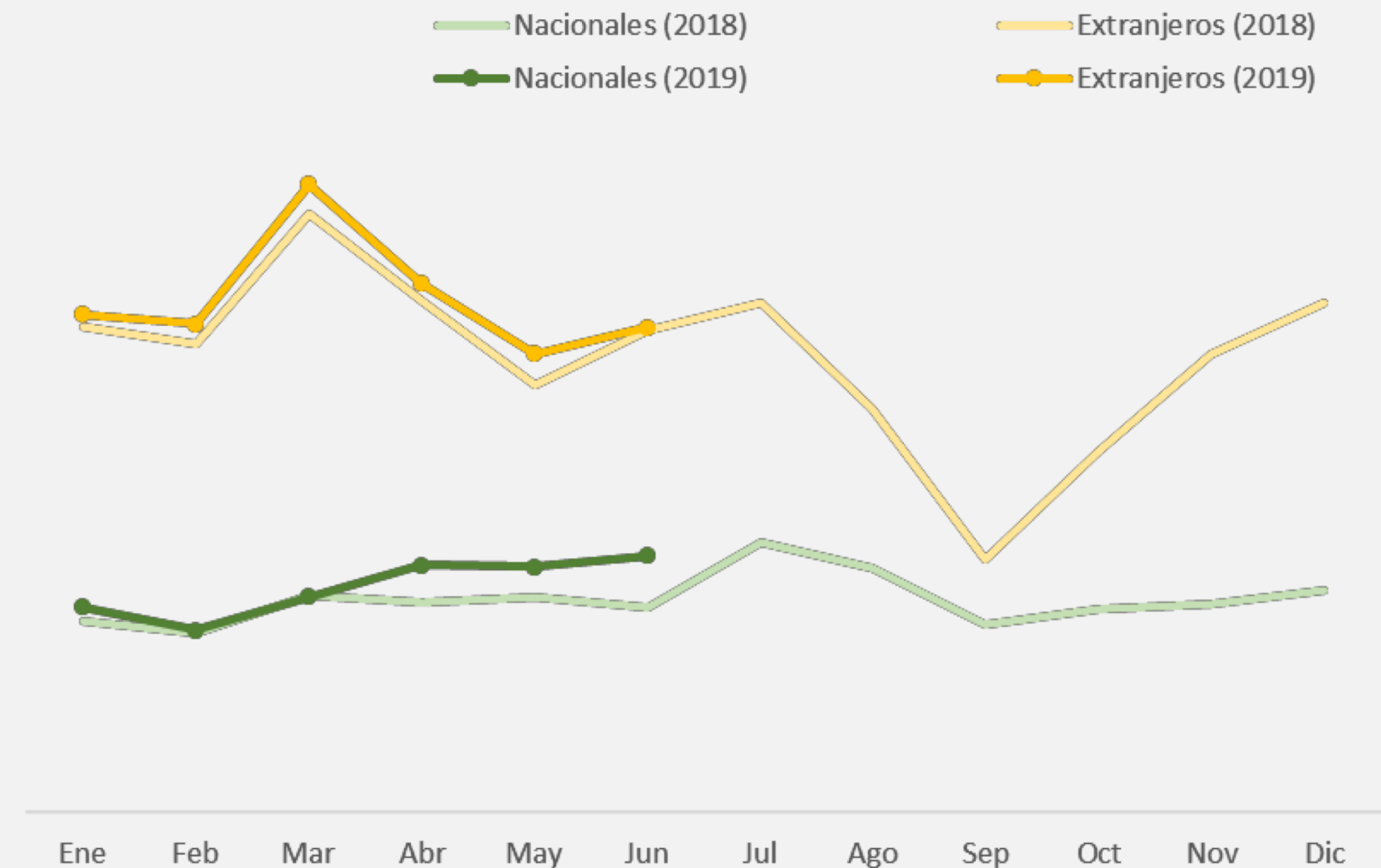
DEMAND INDICATORS
PASSENGERS AND TOURISTS

Arrival of passengers at the airport in Los Cabos, 2018-2019

- June-2019 registered the arrival of 242.7 thousand passengers to the airport of Los Cabos, which means an increase of 8.1 compared to the same period in 2018. When comparing the accumulated Jan-June-2019 vs the previous year, an increment of 5.9% is observed.
 - Passengers on domestic flights (84 thousand) represent 35% of total arrivals and had an increase of 25.6% regarding June-2018.
 - Passengers on international flights (158.7 thousand) represent 65% and had an increase of 0.7%.
- The occupancy factor had an increase of 4.4pp to move from 83.4% in June-2018 to 87.8% in June-2019.
- Airlines, especially foreign ones, seek to reduce their offer of seats, to improve the occupancy rates and thus increase profit on the sale of more expensive tickets. The supply of seats will rise again to the extent the demand increases.

Source: GAP

Passenger Arrival to the airport of San Jose del Cabo, Monthly (2018-2019)



Source: GAP

Arrival of foreign tourists by air

By origin (residence), 2018-2019

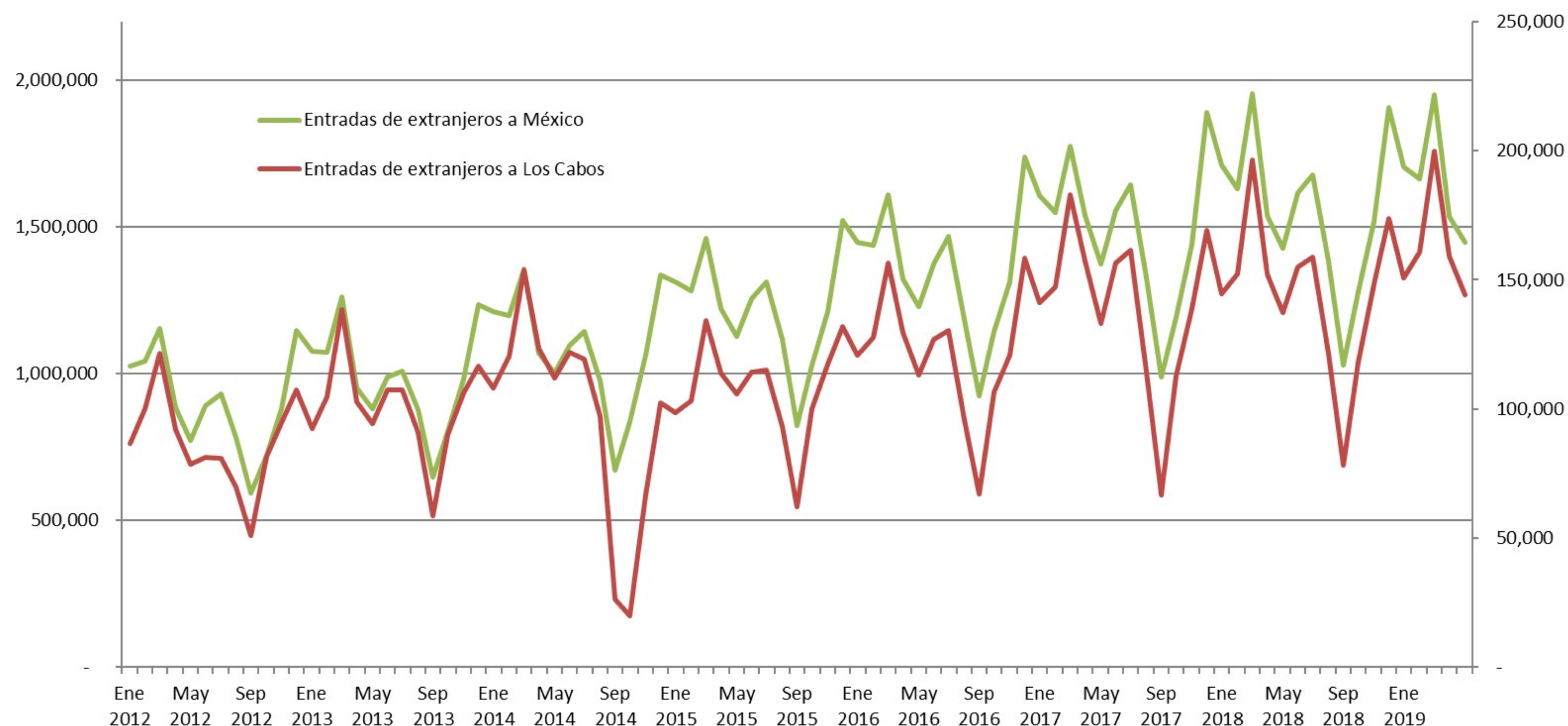
Regions	May-2018	Jun-2018	Jul-2018	Aug-2018	Sep-2018	Oct-2018	Nov-2018	Dec-2018	Jan-2019	Feb-2019	Mar-2019	Apr-2019	May-2019	Δ May-19 / May-18	Δ Jan-May-19 / Jan-May-18
USA	129,317	148,990	152,331	114,299	72,390	107,692	129,090	147,461	122,358	133,400	173,759	140,159	135,239	4.6%	2.6%
Canada	5,399	3,391	3,568	4,039	3,205	6,887	16,041	21,866	24,304	22,218	24,065	16,499	6,852	26.9%	15.9%
Europe	464	360	608	1,138	441	535	713	1,060	841	1,097	921	1,198	1,011	117.9%	69.8%
Center y South America	206	180	255	177	148	165	144	228	295	168	185	286	232	12.6%	11.5%
Rest of the World	652	715	840	751	682	668	654	1,303	1,053	699	1,161	1,030	955	46.5%	41.4%
Grand Total	136,038	153,636	157,602	120,404	76,866	115,947	146,642	171,918	148,851	157,582	200,091	159,172	144,289	6.1%	4.5%

Key Markets	May-2018	Jun-2018	Jul-2018	Aug-2018	Sep-2018	Oct-2018	Nov-2018	Dec-2018	Jan-2019	Feb-2019	Mar-2019	Apr-2019	May-2019	Δ May-19 / May-18	Δ Jan-May-19 / Jan-May-18
United Kingdom	114	91	178	280	118	140	218	326	236	259	272	336	131	14.9%	25.0%
Spain	29	28	51	107	53	51	36	61	34	38	45	38	24	-17.2%	35.6%
Australia	272	282	391	288	269	302	189	461	488	177	274	388	352	29.4%	22.9%
Total Key Markets	415	401	620	675	440	493	443	848	758	474	591	762	507	22.2%	24.4%

Source: INM- SIOM

Monthly evolution of the arrival of foreign tourists by air

The international airport of SJD and at domestic level, 2012-2019



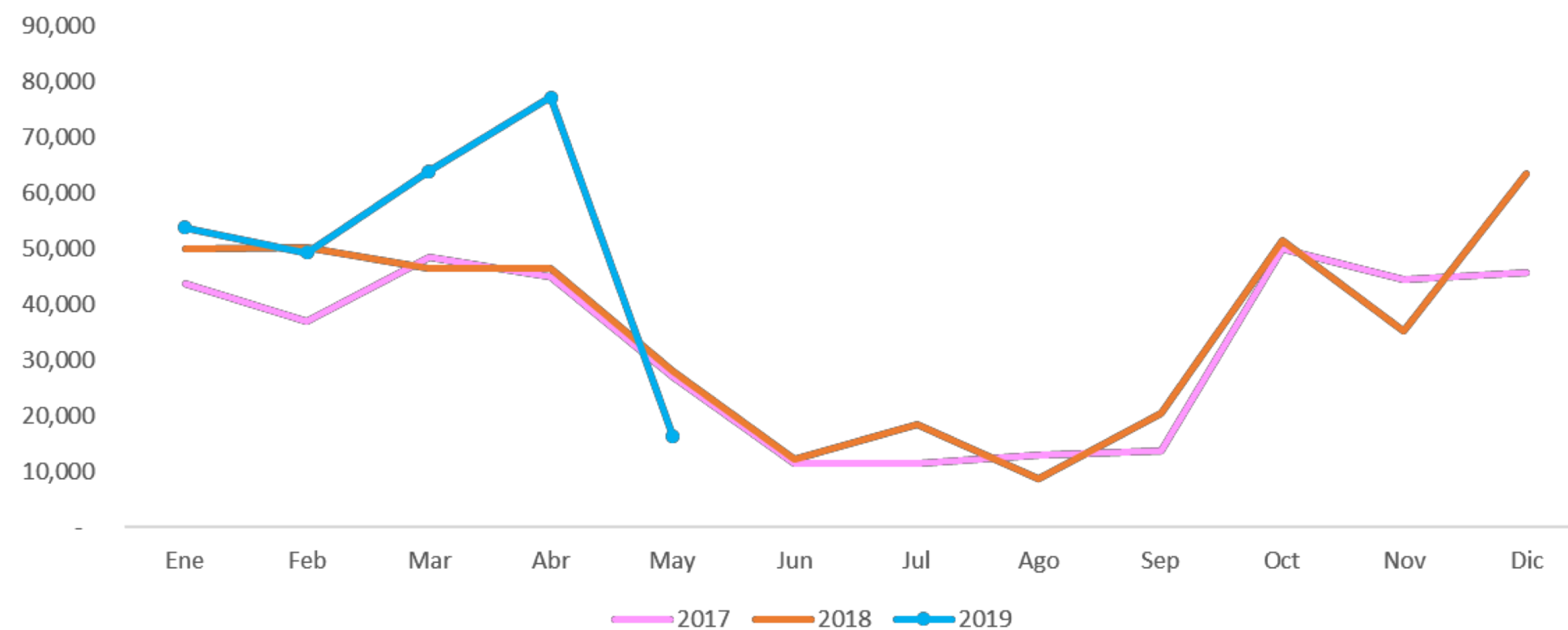
Source: INM- SIOM

- When comparing May-2019 versus May-2018, at domestic level there was an increase in the arrival of tourists 1.5% while to Los Cabos did it at 6.1%.
- At the domestic level, the American market grew 4% while the Canadian market grew by 11.9%. Other markets had an important growth, as the Colombian (7.2%) and Ecuadorian (150.6%).
- At the airport of Los Cabos, the U.S. market increased 2.6% and the Canadian 15.9% when comparing May-2019 with May-2018.
- The accumulated Jan-May confirms the negative trend in the US market (drop of 0.3%), therefore, a low or no growth at the end of 2019 is expected. At the same time, it maintains the growth of the Canadian market (+7%) in this current year.

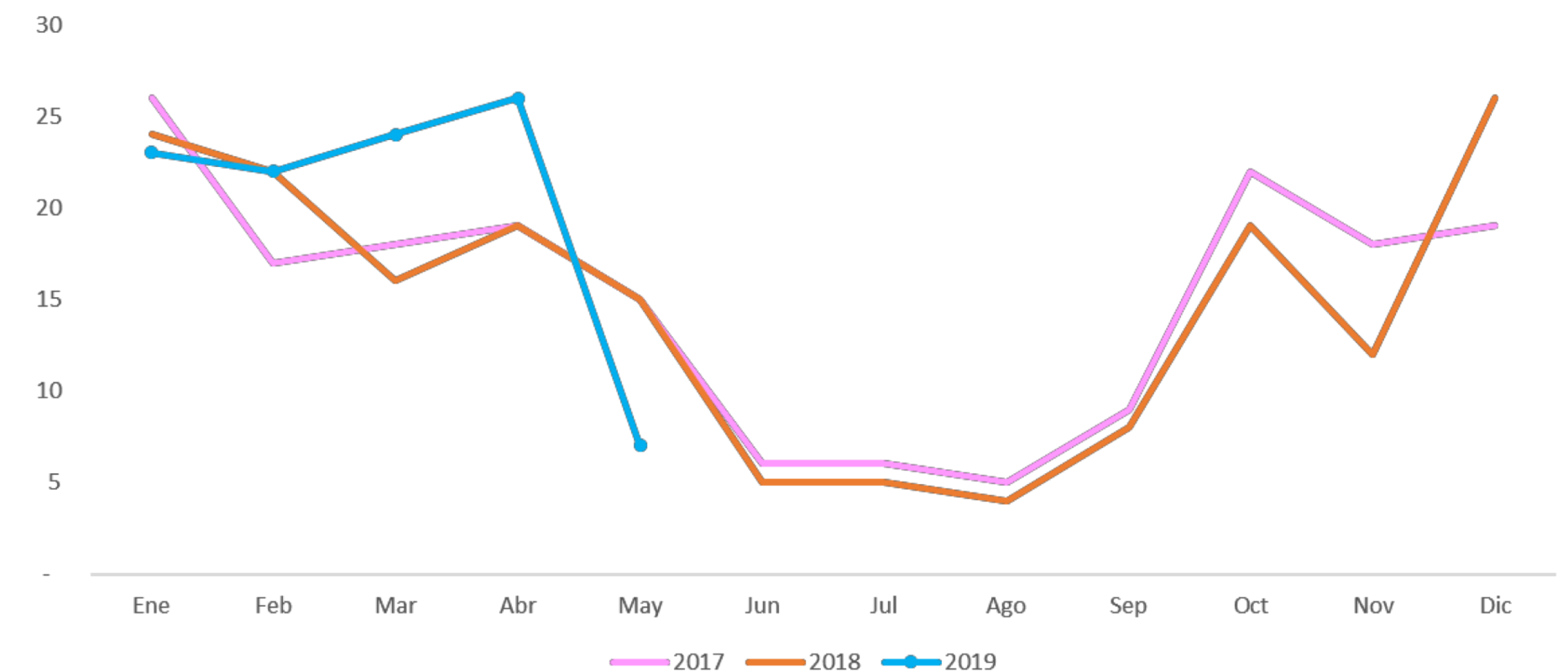
Arrival of passengers on cruise ships and vessels (2017-2019)

- May-2019 recorded the arrival of 16,270 passengers in a cruise to Los Cabos port.
 - It means a decrease of 41.8% in the volume of passengers in comparison with May-2018.
 - The arrival of 7 cruise ships was registered: 8 cruises less (-53%) than last year.
 - Translates into an average of 2,322 passengers per boat.

Pasajeros arribando en crucero al puerto de Cabo San Lucas, mensual (2017-2019)



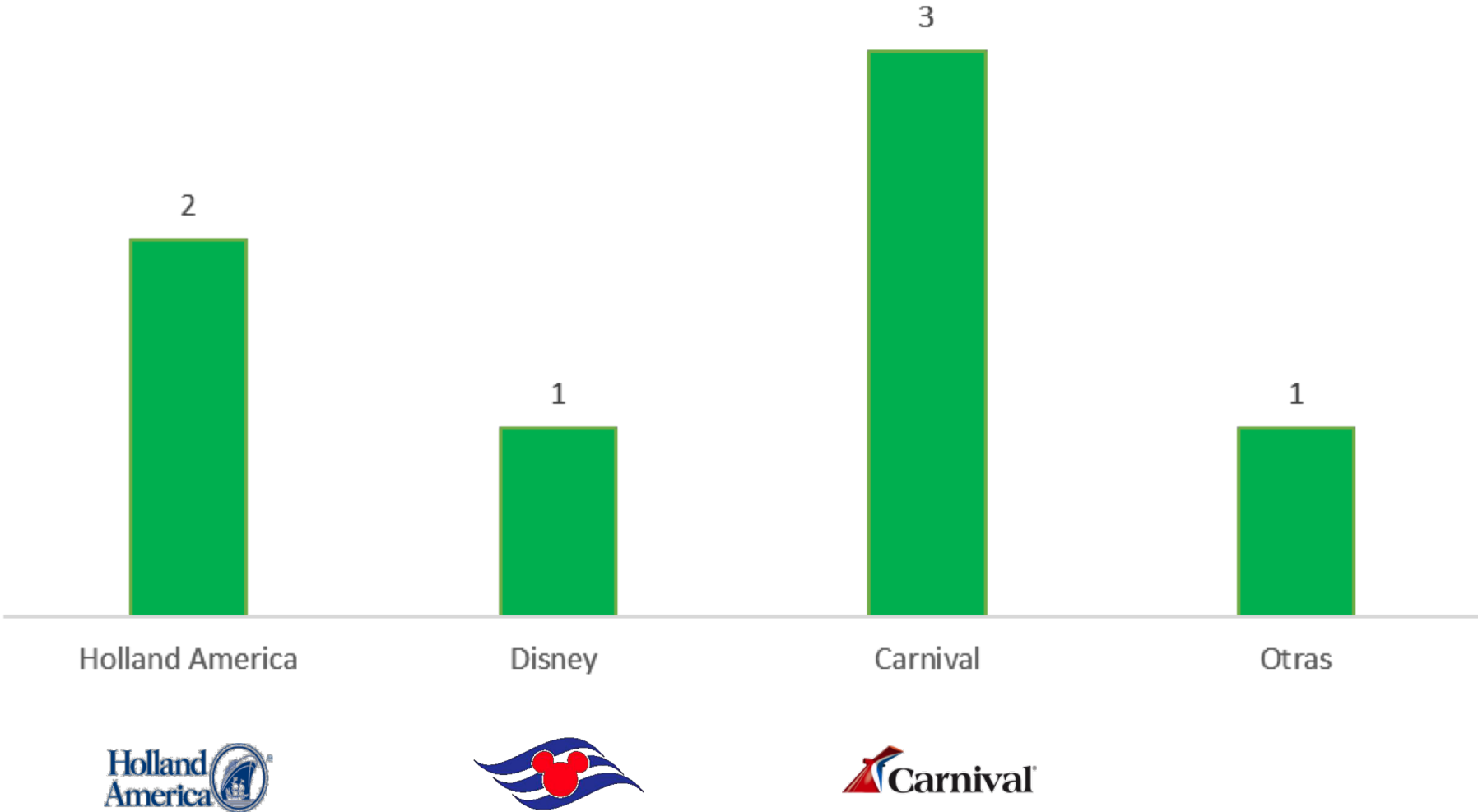
Embarcaciones de cruceros arribando al puerto de Cabo San Lucas, mensual (2017-2019)



Source: DATATUR - SCT

Arrival of the vessels to the Port of Cabo San Lucas, Mar-2019

Date	Vessel	Shipping Line	Max. Capacity
May-2-19	ms Veendam	Holland America	1,627
May-7-19	Disney Wonder	Disney Cruise Line	2,400
May-13-19	Carnival Splendor	Carnival	3,710
May-20-19	Carnival Splendor	Carnival	3,710
May-27-19	Carnival Splendor	Carnival	3,710
May-27-19	ms Amsterdam	Holland America	2,104



The 7 cruise ships that arrived to the Port of Cabo San Lucas in May-2019 were operated by 7 shipping lines, Carnival was the principal this month (3 ships) with a maximum capacity of 11,130 passengers, equivalent to 68% of the total passengers in the cruise arriving to Cabo San Lucas in May-2019.

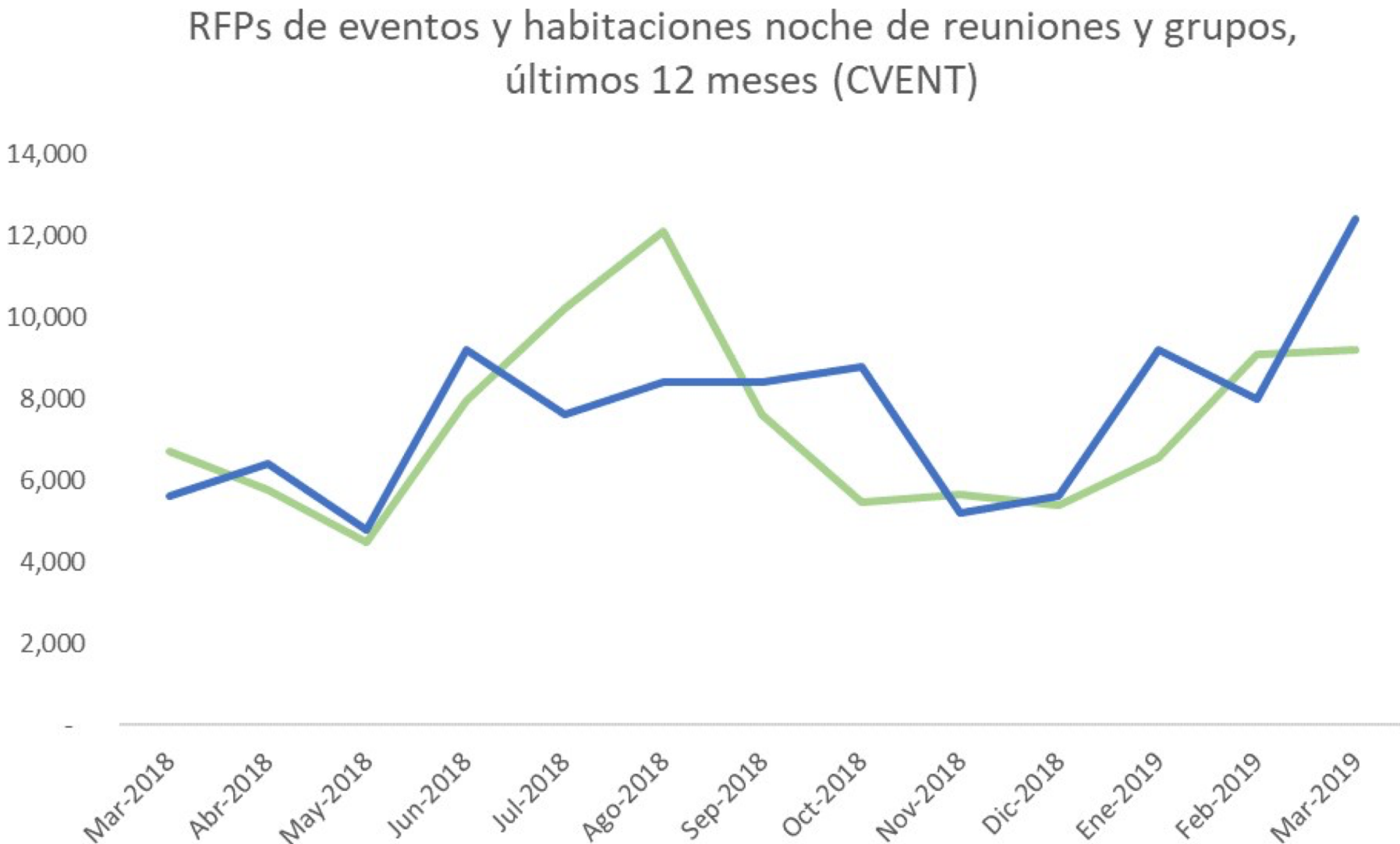
Source: CREW-CENTER.COM



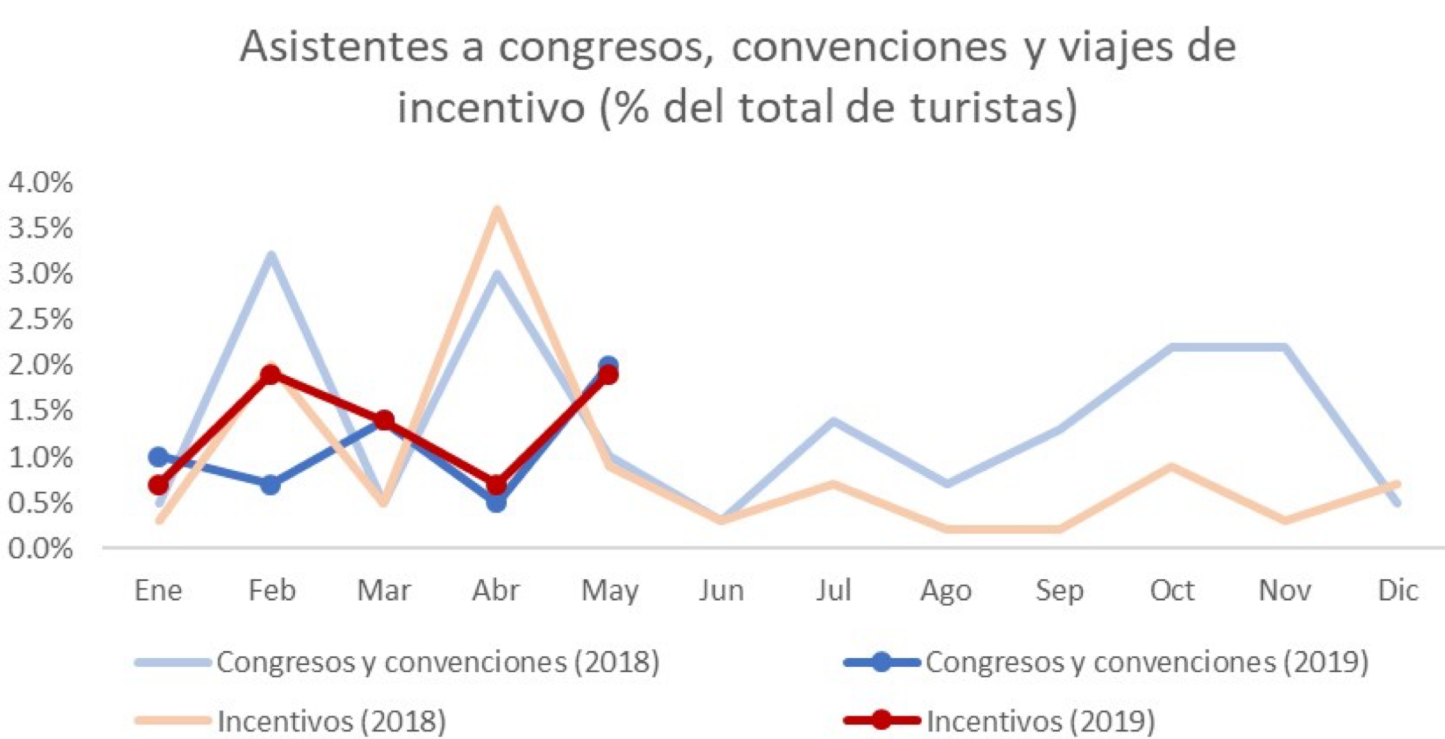
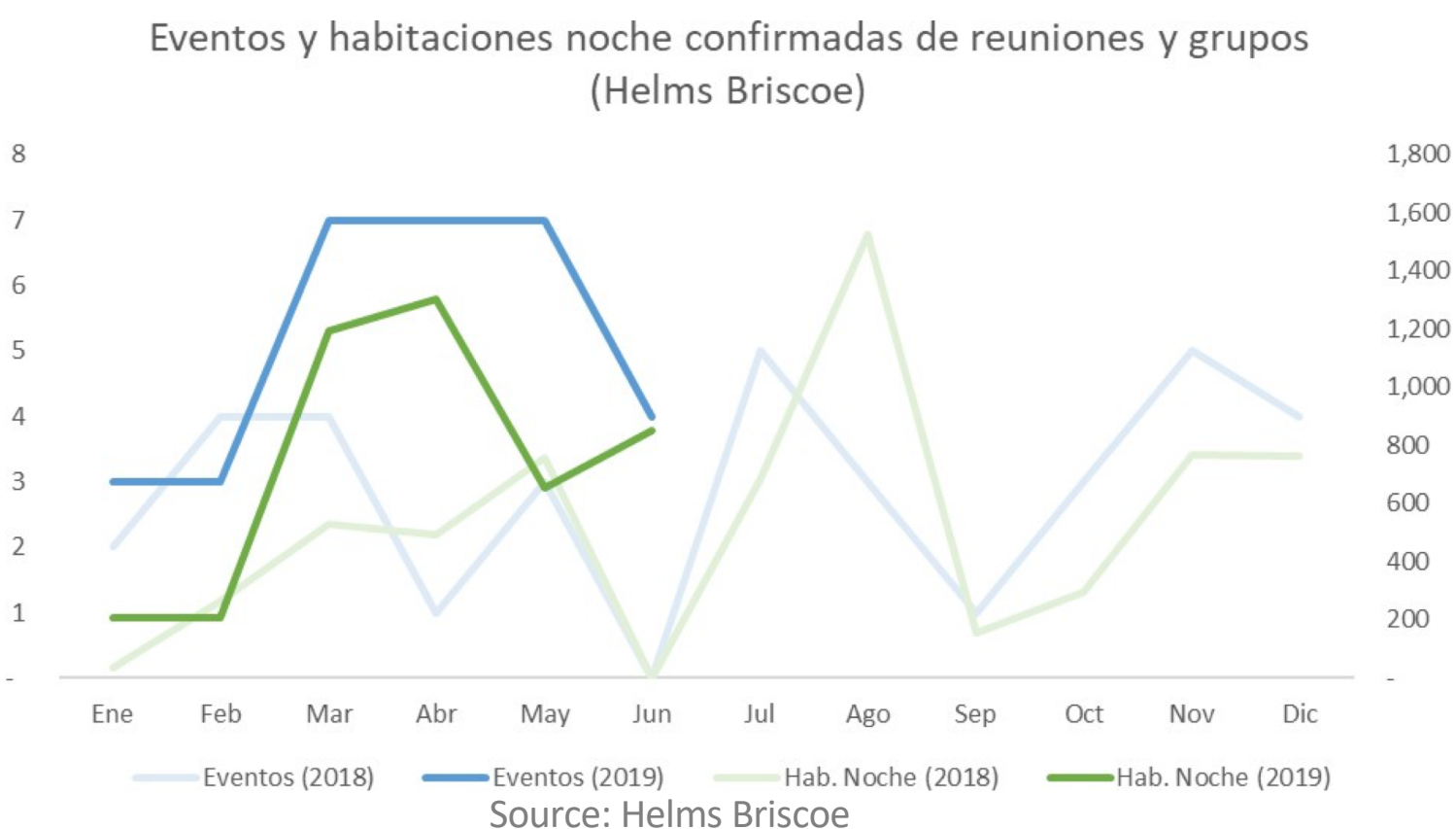
TOURISM OBSERVATORY IN LOS CABOS

DEMAND INDICATORS
SURVEYS FROM TOURISTS AND BUSINESS
GROUPS

Demand Indicators: Business Group



Source: CVENT



Source: SURVEY FROM TOURISTS

An aerial photograph of a tropical coastline. The water is a vibrant turquoise color, transitioning to a deeper blue further out. A large, light-colored rock is visible in the water. Two small, white boats are floating near the shore. The land is visible in the background, showing a mix of green and brown. The image is partially obscured by a large, white, curved shape on the right side.

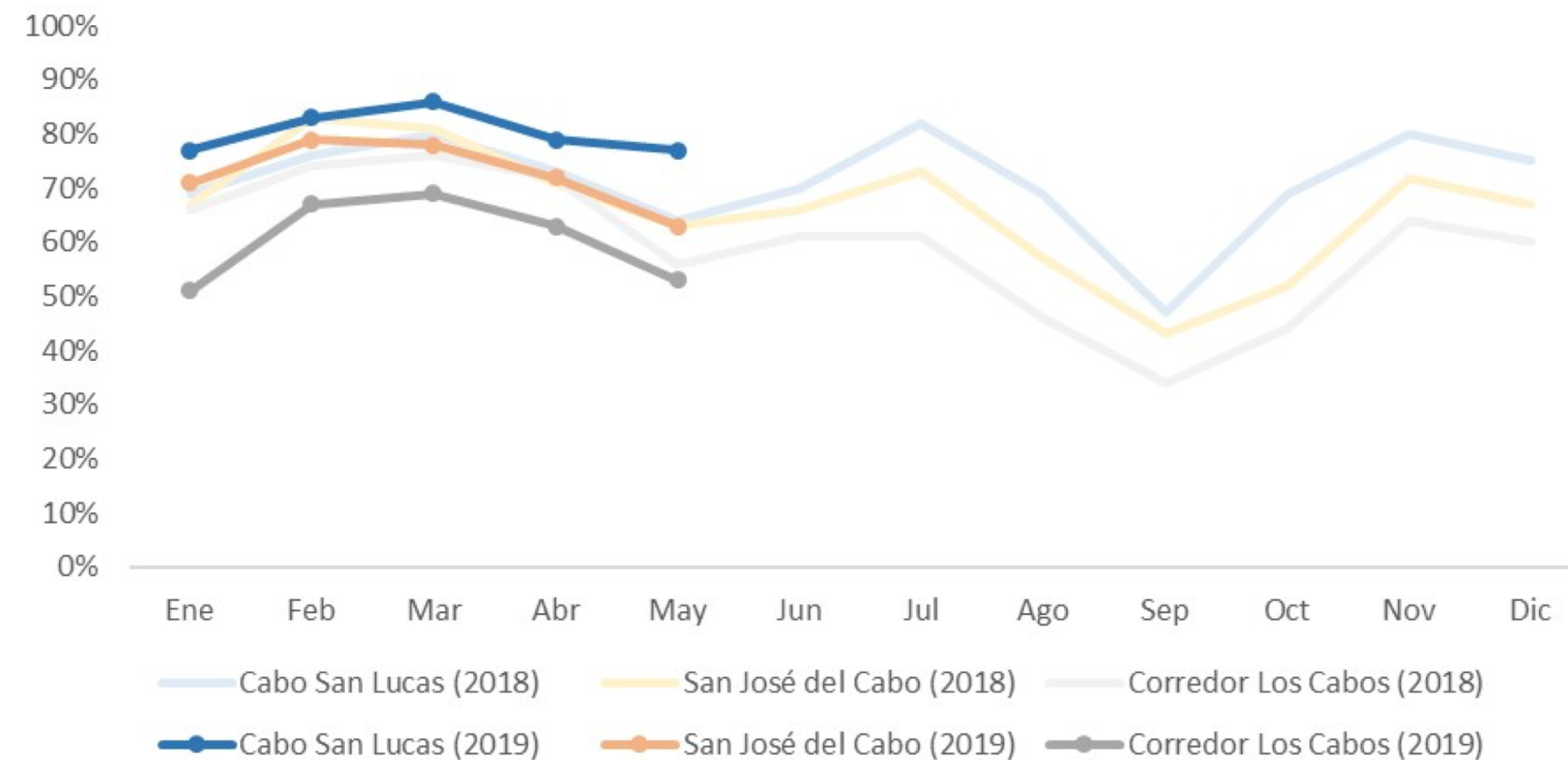
TOURISM OBSERVATORY IN LOS CABOS

SUPPLY INDICATORS

Hotel Offer

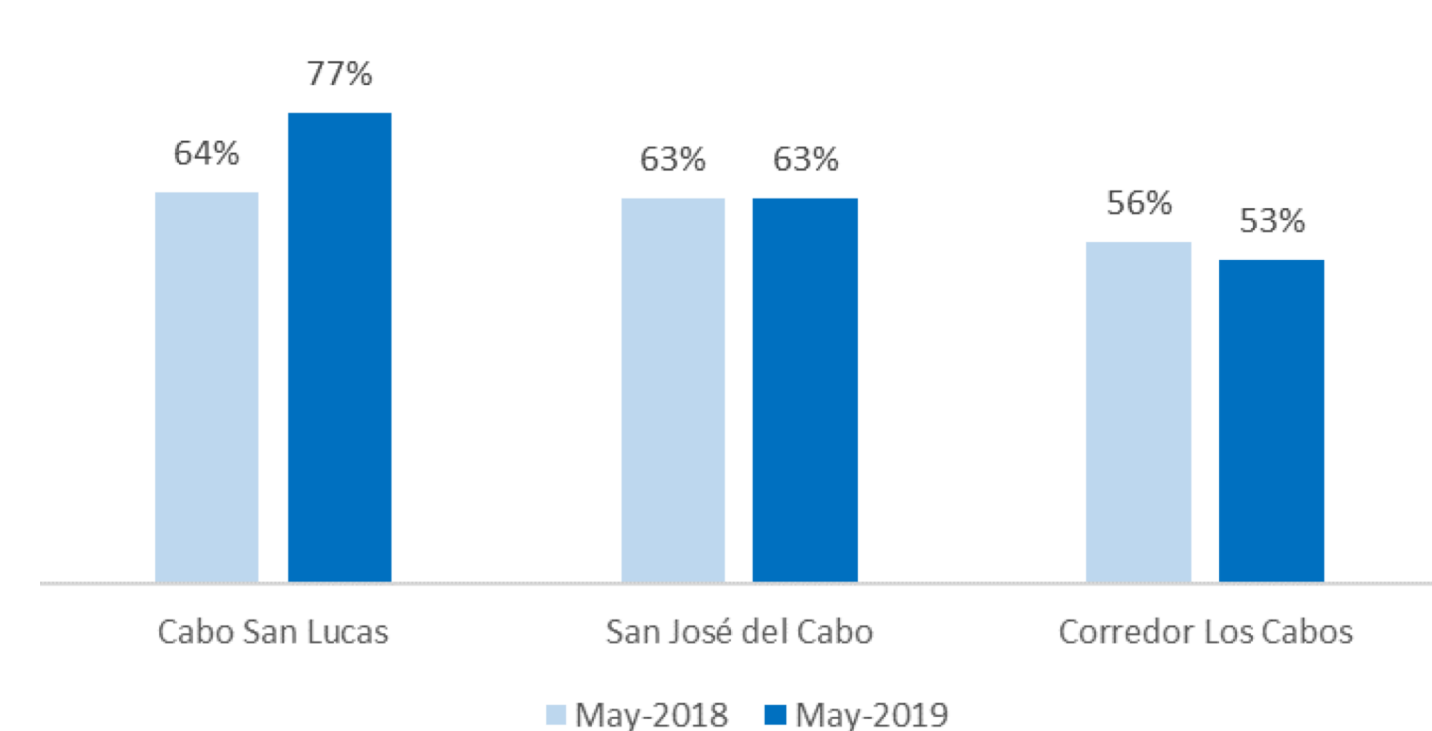
Evolution of hotel offer for Los Cabos and Sub-Destinations

Ocupación hotelera mensual (2018-2019)



Source: ASOCIACION DE HOTELES DE LOS CABOS

Ocupación hotelera (May-2018-2019)



Source: ASOCIACION DE HOTELES DE LOS CABOS

- According to the Asociación de Hoteles de Los Cabos, hotel occupancy in Los Cabos registered 67% and increased 1pp in comparison to May-2018 with May-2019. At sub destination level, Cabo San Lucas continues to increase its occupation, and in May-2019 increased 6pp compared with the previous year. However, San Jose del Cabo remained at 63% and Los Cabos Corridor lost 3pp.
- The arrival of tourists to Hotels to Los Cabos in May-2019 registered 195,600, increasing 6.5% compared with May-2018 and the average stay remained relatively similar (from 4.93 to 4.94; based on DATATUR).
- International tourism fell 6.8% in this period, however domestic tourism increased by 64.3%.
- In May-2019, international tourism accounted for 71% of the total, while domestic tourism did in 28%. The previous year, the participation of 81% and 19%, respectively were registered.

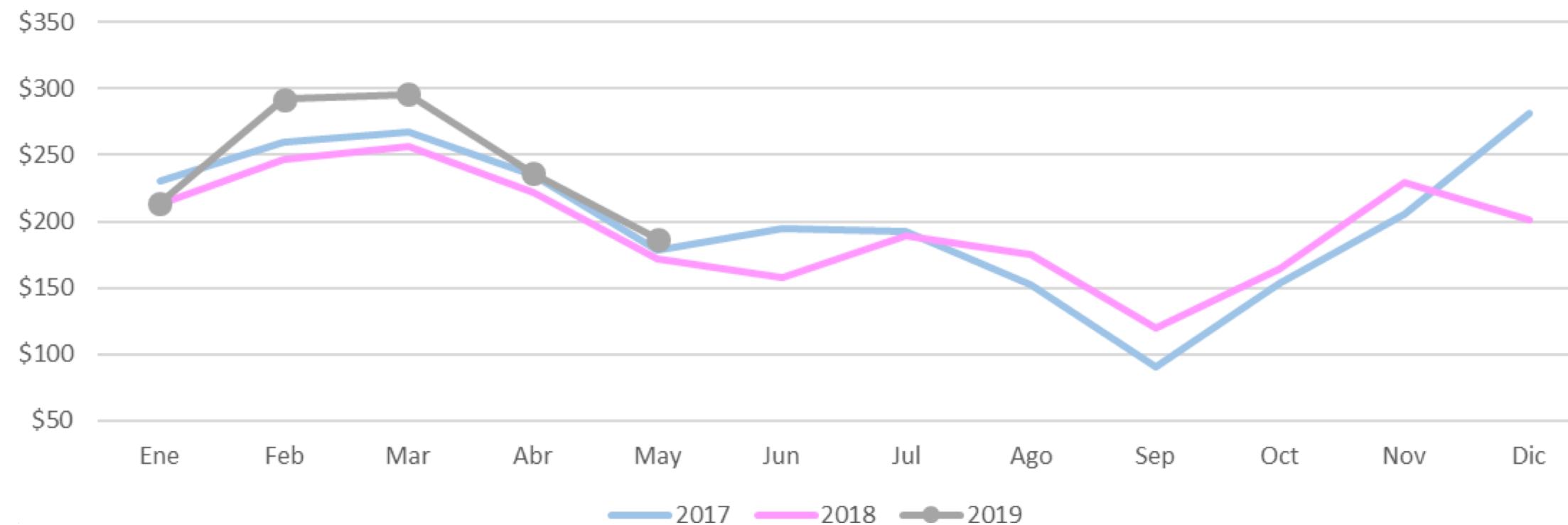
Hotel Offer

Evolution of the average rate and RevPAR of Los Cabos and sub-destinations

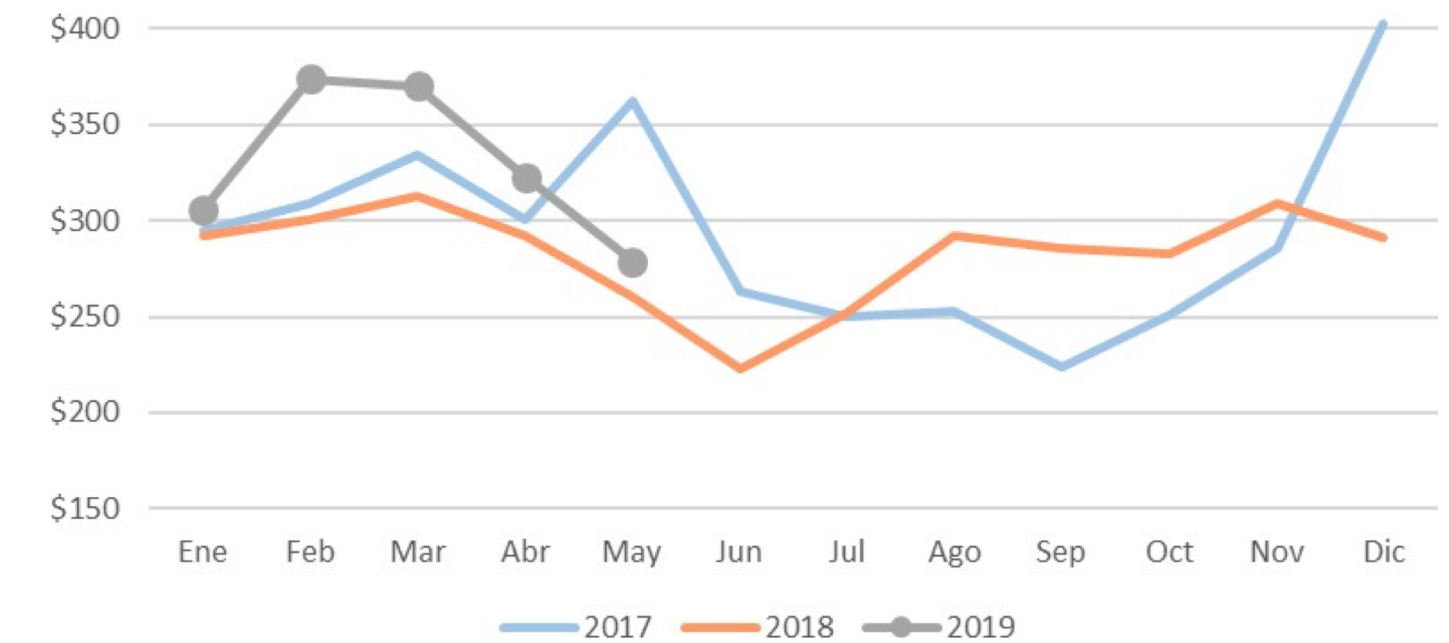
- The average rate in Los Cabos in May-2019 was USD 279; \$33 below the average for the last 12 months; and 19 dollars above that in May-2018 (or an increase of 7.3%). The RevPar was USD 187; 18 above the average of the last 12 months (15 dollars above May-2018).
- The Corridor of Los Cabos had the highest rate, located at USD 378, and a decrement of 27 USD in comparison with May-2018 (-7%).
- San Jose del Cabo was the sub destiny with a greater increment growing at an average rate at 108 dollars (+77%) to be located at \$249.
- Cabo San Lucas reduced its average rate to USD 25 (-11%) to be located at 210 dollars.

RevPAR Los Cabos (USD, 2018 - 2019)

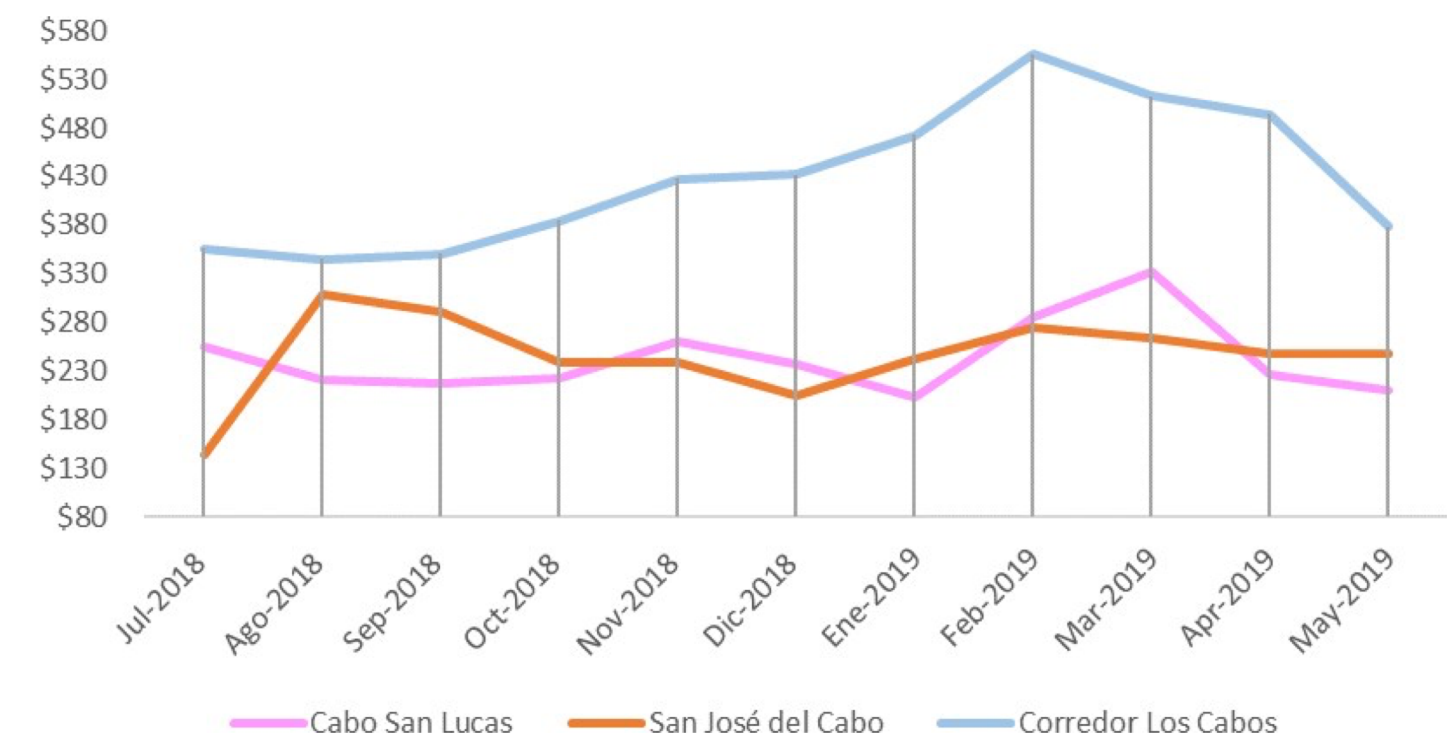
Source: ASOCIACION DE HOTELES DE LOS CABOS



Average Rate Los Cabos (USD, 2018 - 2019)



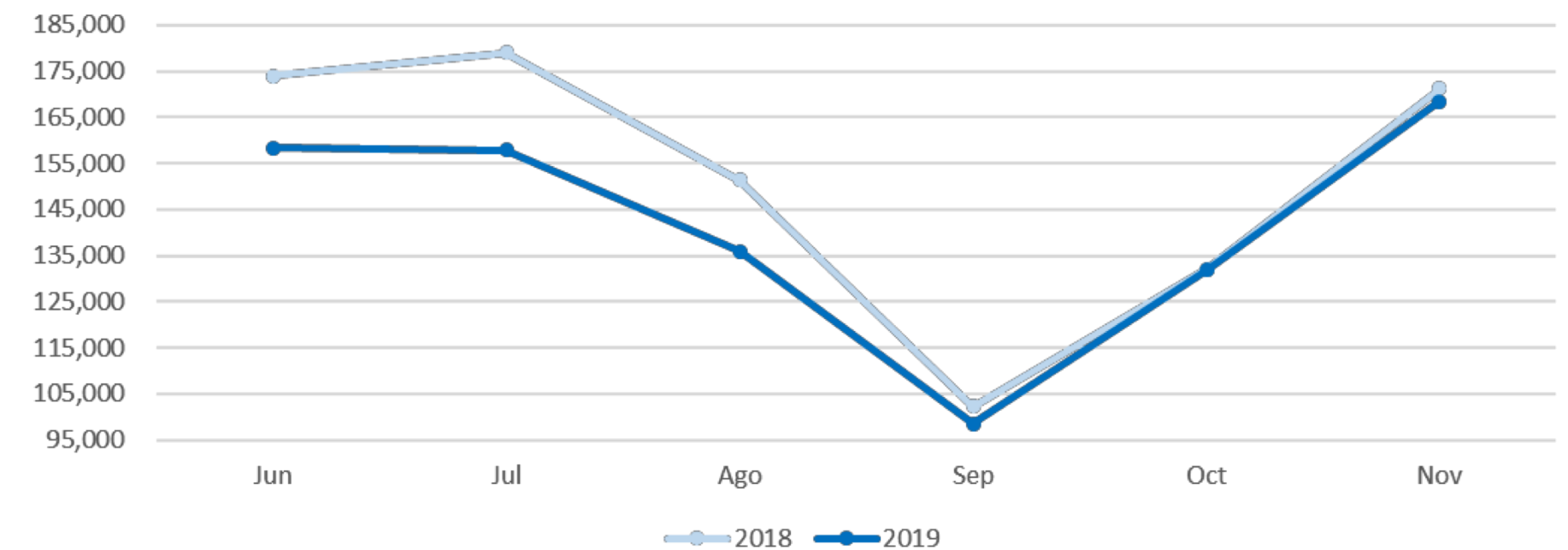
Average Rate sub-destinations (USD, monthly, last 12 months)



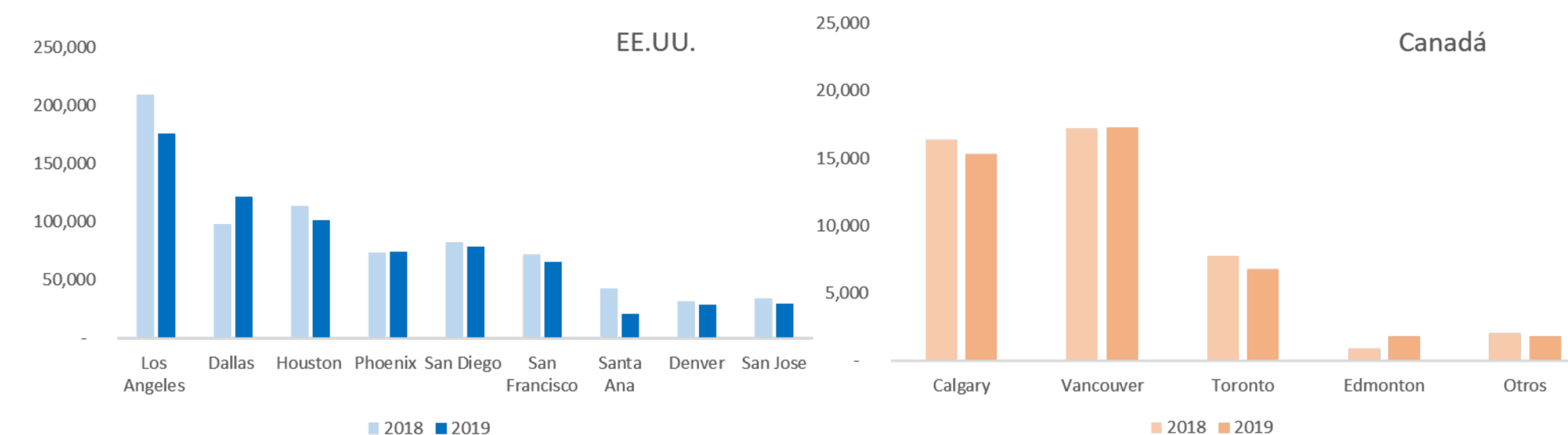
Seats are SCHEDULED FOR APR-SEP, 2019

- For June-2019 there are 9% less scheduled seats available than in the same period in 2018 and 2019 are scheduled for Jun-Nov 6.5% less than for the same period in 2018.
- Most of the airports of origin in the U.S. presented drops except Dallas, that programs 24% more seats in these 6 months; and Phoenix with 2% more.
- The main decrease is recorded in Los Angeles, which shows a drop of 16.2% in these 6 months. Houston drops 11%, San Francisco drop 9%, San Diego 4%.
- The main market in the US is Los Angeles (22%), followed by Dallas (15%), and Houston (13%). All of California as a whole represents 46% of the seats available from the U.S. to SJD in this period.
- The participation of LAX in the international market will decrease 2pp however the DFW will increase 4pp. Airlines such as American, Alaska, Delta, United, and Southwest the most important (concentrating 91% as a whole).
- For Canada, the main markets are Calgary (36%) Vancouver (40%), Toronto (16%) and Edmonton (4%); through the WestJet Airlines (66%), Sunwing (21%) and Air Canada (11%).
- The Seats scheduled from Canada as a whole will decrease by 2.7%. It should be noted, however, that this data is undervalued because the Official Airline Guide still does not report the seats corresponding to the entry into operation of the routes YEG-SJD and YWG-SG of the airline Swoop (approx. 1.300 additional seating in Nov-19) in addition to a delay in the loading of data on the part of the airline Sunwing system of the OAG.
- The factors of occupation of the international airlines for Apr-2019 were: American 78%, Alaska 87%, Delta 71%, United 84%, Southwest 83%, AirCanada, 89%, Sunwing 89%, and WestJet 82%.
- When comparing with Abr-2018, there are similar factors, except in the case of Westjet who lost 4pp (Canada market).

Programación de asientos hacia San José del Cabo (Jun-Sep-2019)



Seats are programd by origin (May-Oct, 2018-2019)





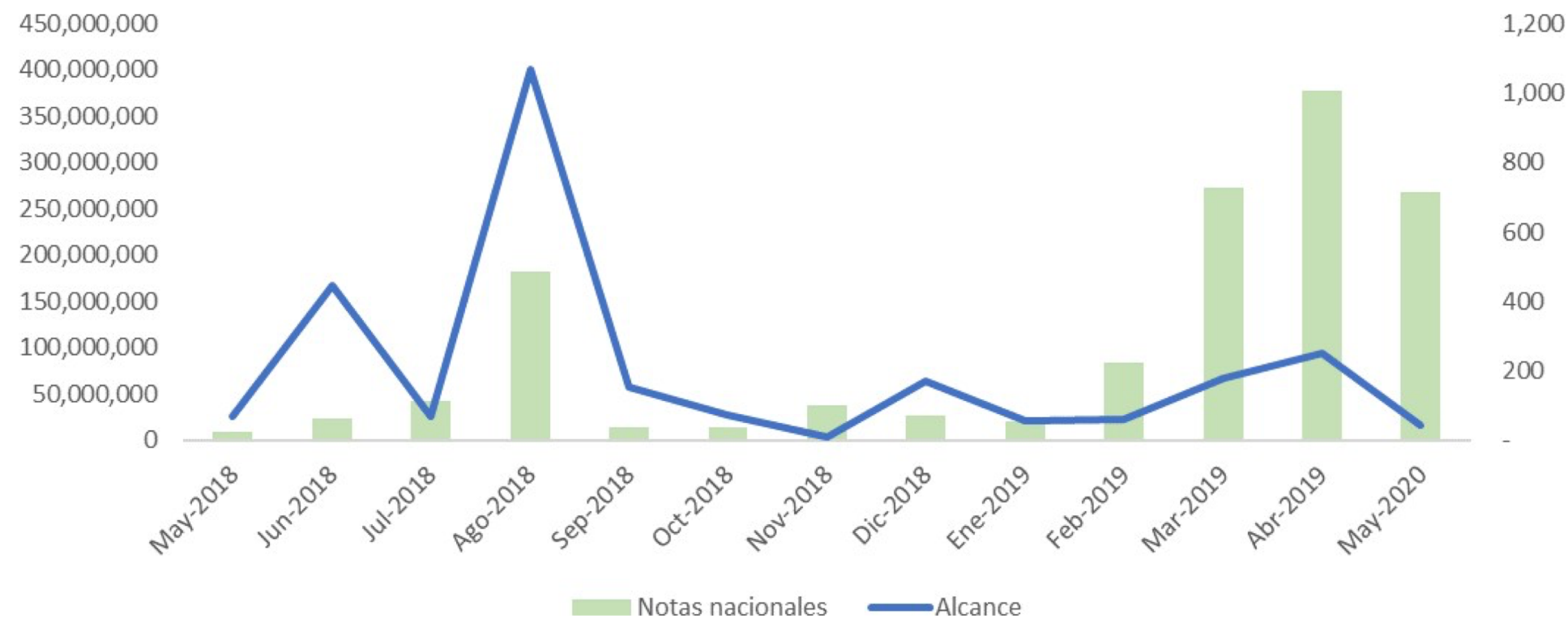
TOURISM OBSERVATORY IN LOS CABOS

PUBLIC RELATIONS

Public Relations, notes, and scope (Mar-2019)

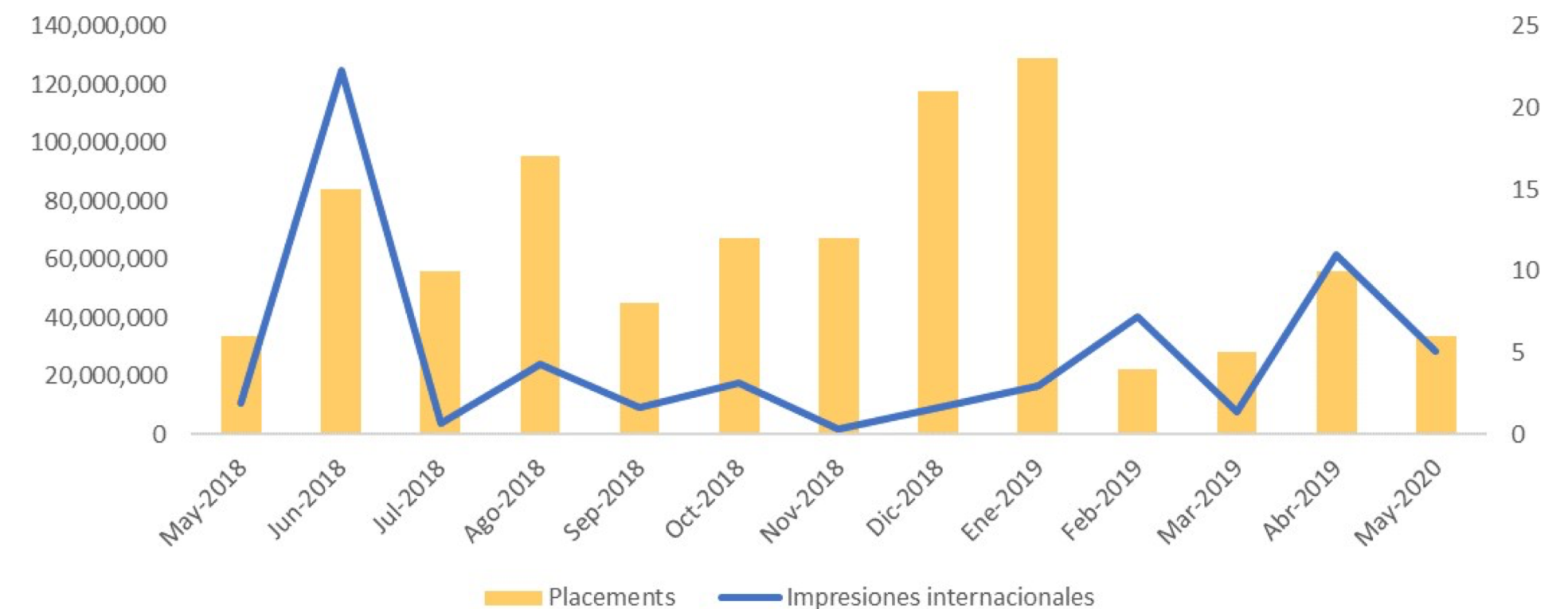
- In the domestic market:
- In the period June-2018 May-2019 (last 12 months) there were 3,630 insertions in the national press (303 per month on average), generating a range of 966 million impacts (80 million per month on average). During May-2019, 715 insertions were published achieving 16 million impacts.
-
- In the international market:
- In the period from June-2018 to May-2019, there were 143 insertions in the international press (12 per month on average), generating a range of 345 million impacts (29 million per month on average). During May-2019, 6 insertions were published thus, achieving 29 million impacts.

TOTAL OF NATIONAL AND SCOPE (MAR-2019)



Source: GAUDELLI (Feb-18 to Jan-19), Llorente AND CUENCA (Feb-Mar-19)

TOTAL OF INTERNATIONAL NOTES AND SCOPE (MAR-2019)



Source: NJF (Feb-18 to Jan-19), OGILVY (Feb-Mar -19)

Definitions

- Congress.** Meetings are not very business oriented in which takes place the encounter of large groups of individuals, usually to discuss and exchange views on a topic of interest. (Professional, cultural, sporting, religious, social, government or academia, among others) usually, have a duration of several days and with concurrent sessions, as well as a multi-annual frequency or predefined.
- Convention.** Trade or business meetings usually sponsored by a corporation, in which the participants represent the same company, corporate group or relations of customer or supplier. Sometimes the participation is mandatory, so, travel expenses are borne by the corporation. Includes those general meetings and formal of a legislative body, social or economic, to give information, deliberate or establish consensus or deal with policies on the part of the participants, as well as treat trade issues around a market, product or brand. Can contain a secondary component of exposure.
- Rooms Available.** Is the number of rooms or rooms that are in service. Does not account for the rooms by repair or some other cause are out of service
- A Tourist destination.** The main target of a tourist trip is the place visited which is essential for the decision to travel. See also the main reason for a tourist trip.
- Seasonality.** Means that the flows or tourist flows tend to concentrate around certain times of the year, repeating this process annually
- Stay.** Results from dividing the total number of tourists night between the number of tourist arrivals per month. The result expresses the number of days of stay of the tourist.
- Events or Incentive Trips.** The incentive trip is a modern strategy focused on management to recognize people that met or exceeded objectives commonly related to sales or productivity, addressed to the participants that demonstrate better performance in their work with an extraordinary travel experience.
- Rooms per night.** Is obtained from the daily record number of tourists that occupy the rooms of the establishment, for their time of stay, (number of nights spent in the establishment) and is classified according to their place of origin, in residents or non-residents.
- **Inflation.** Continued growth and widespread use of the prices of goods and services that are expended in an economy. It is the average rate of growth from one period to another of the prices of a basket of goods and services.
- **Underlying Inflation.** The rise in the prices of a subset of the CPI (Consumer Price Index), which contains generic ones with less volatile quotes. Measures the tendency of inflation in the medium term. The 283 generic concepts that make up the basket of goods and services in the CPI are sorted or grouped into subsets that respond to particular needs of analysis, between the classifications are the best known of by object of expenditure, which refers to the origin of the goods and services and the durability of the assets and underlying inflation.
- **The Arrival of passengers.** Passengers transported by aircraft of airlines with established routes and itineraries
- **Arrival of Tourists** The number of tourists corresponds to those recorded by the establishment during the month.

Definitions

- **Nationality of a visitor.** The country that grants the passport or identity document, although habitually resident in another country.
- **Non-resident.** Is the person whose usual environment is outside of the Mexican territory and that visit this last for a shorter period to 12 months for any reason (business, vacation, and others). Excludes if a remuneration is received for the activities developed in the place visited
- **Hotel Occupancy.** The rate of occupation of the lodgings is a concept based on the offer. It is an important indicator to numerous effects. Provides information about the differences of use between the various types of lodging establishments and if it occurs in monthly data also indicates the seasonal pattern of the use of tourist accommodations.
- **RevPAR.** The RevPAR It is the most important gauge used in the hospitality industry to assess the financial performance of an establishment or a string. It is an abbreviation of the English Revenue Per Available Room, Income per available room. Always refers to a specific period (weekly, monthly, yearly, etc.). A way to calculate the RevPAR It is through the formula: $RevPAR = It / \Sigma Ht$, Where it is equal to the total revenue of the rooms in a period t. ΣHt It is equal to the total number of available rooms in a period t. That is to say, the rooms of the establishment or chain multiplied by the number of nights of period t least the rooms are not available.
- **Resident.** Individual whose usual environment is located on the territory of the United Mexican States
- **Residence.** Is the place/country in which the traveler has remained during the greater part of the previous year (12 months), or has remained for a shorter period and intends to return within 12 months to live in that country.
- **Average daily rate.** The average daily rate (commonly known as ADR - for its acronym in English Average Daily Rate) Is a statistical unit that represents the average income per occupied room, paid in a given period of time. ADR along with occupation of the property are the bases for the financial performance of the property. The ADR is calculated by dividing the income of the rooms, including the number of rooms sold, should be excluded from the guest rooms of the house (known as "House use") and rooms free of charge (known as Complimentary) Of the denominator.
- **Tourist.** Any person who travels outside of their usual location for a period of less than 12 months and for any reason, except persons who engage in activities that will generate income in the travel destination; refugees or migrant workers; diplomats; seasonal workers or border crossings, or employees of travel.
- **Visitor.** Any person who travels outside of their usual location for a period of less than 12 months for any reason, with the exception of persons who participate in activities that will generate income at the travel destination: refugees or migrant workers, diplomats, frontier workers or seasonal, employees, or persons seeking to establish a new residence or employment.

TOURISM OBSERVATORY IN LOS CABOS

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