




Horwath HTL

CELEBRATING 21 YEARS IN INDONESIA

IN COLLABORATION WITH:

MINISTRY OF TOURISM
REPUBLIC OF INDONESIA

PERHIMPUNAN HOTEL DAN RESTORAN INDONESIA

21st edition
2019 Indonesia Hotel Industry Survey of Operations

2018 Financial Year

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Foreword by Indonesia Hotel & Restaurant Association

My dear fellow Indonesian Hoteliers,

Thank you for your continued participation and support of the Indonesia Hotel Industry Survey of Operations, now marking 21 successful years in publication.

In 2018, Indonesia hosted several international events, namely the 2018 Asian Games, 2018 Asian Para Games and IMF. These have in turn brought in a record high number of foreign arrivals and generated growth in the industry. The information exchanged through this year's Indonesia Hotel Industry survey should benefit you and will hopefully assist you to formulate more effective business strategies.

On behalf of the team at PHRI, I thank you again and look forward to a growing number of participants next year for the publications 22nd anniversary.

Yours sincerely,

Ir. Hariyadi B. Sukamdani, MM
Chairperson
Indonesian Hotel & Restaurant Association (PHRI)

FOREWORD BY HORWATH HTL – ASIA PACIFIC

Dear Industry partners,

In 2019, we proudly present the 21st Indonesia Hotel Industry Survey of Operations partnered with Indonesian Hotel and Restaurant Association and the Ministry of Tourism in conjunction with celebrating our 21 years in Indonesia.

We would like to express our sincere gratitude to our 335 hotelier friends that participated in IHI 2019. Not only does it serve as a guide for hospitality operations and management, it also serves as a powerful benchmarking tool for asset management and investment strategy.

We see demand being propelled in major cities such as Jakarta, Palembang and Bali as hosts of international events and this has boosted overall hotel performance. However, Indonesia is still dealing with unpredictable environmental influences and challenges and hoteliers should watch out for these variables during strategy planning.

We aspire to improve our annual analysis and we look forward to your thoughts, questions, and feedback on how we can better tailor information to the needs of the hospitality industry.

Thank you for all the support for IHI 2019.

Robert Hecker
Managing Director, Pacific Asia
Horwath HTL

Dear Hoteliers,

It has been a great pleasure to work collaboratively again with Indonesian hoteliers, the BHA and JHA as well as with the PHRI and the Ministry of Tourism to create this report.

Thank you for the continued support of our long-term board members and welcome to our new Honorary Board members, Batiqa Hotels and Nara Hotels International.

In this 2019 report, we have a lower number of respondents from Lombok as the hotel market is recovering from a devastating year and properties remain under renovation. We have thus merged the Lombok market to East Indonesia, along with Nusa Tenggara, Papua and Maluku.

We have made some changes to the rate categories as well, so take in care in your comparisons with previous versions of this report.

I encourage you to read to the end, the energy and green practices numbers are very helpful and show some good trends across Indonesia.

If you have any questions or would like to discuss anything in the report, please do not hesitate to contact us here in Jakarta.

Happy reading.

M. Gebbie

Matt Gebbie
Director, Pacific Asia (Indonesia)
Horwath HTL

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Supported by:

Bali Hotel Association

Jakarta Hotel Association

Market and Survey Introduction

Tourism Market

The volume of foreign arrivals to Indonesia broke new ground in 2018 at more than 15 million, up 12% YOY. Growth in arrivals from Timor Leste was the highest at 83% YOY, solely attributed to overland traffic between Timor Leste and East Nusa Tenggara. The traditional Singaporean and Malaysian markets, much of which arrived at ports such as Batam and Bintan also increased by 18% and 13% YOY.

No new markets emerged in the top 5 source markets in 2018, Singapore wrestled back the top spot from China, now leading the pack at 2.5 million annual arrivals.

In line with the strong arrival growth, tourism receipts grew 13% YOY in 2018 to USD 17 billion. The rupiah exchange rate was volatile throughout the year slipping 7% YOY averaging IDR 14,317 = USD 1.

Hotel Market

The BPS recorded 101 million room nights available in star-rated hotels in 2018 up 17% YOY. Bali had the biggest increase of more than 19,000 rooms registered. Not surprisingly, it also remains the country's top room night producers, generating more than 17% of the country's total RND, followed by West Java and Jakarta with 15 and 14%.

According to the BPS, the 2018 occupancy rate across Indonesia was stable at 57% (1% point up YOY). The provinces generating the country's most leisure tourists and MICE related arrivals such as DKI Jakarta, Bali, West Java, DI Yogyakarta, and South Sumatra recorded higher than average occupancy levels in 2018.

Survey Accuracy Notes

The benchmark data presented in this survey of operations for the hotel industry offers users a baseline reference by and large on the operational performance of hotels in each category. With great emphasis on presenting accurate benchmarks, the following fundamentals on the results presented should be noted.

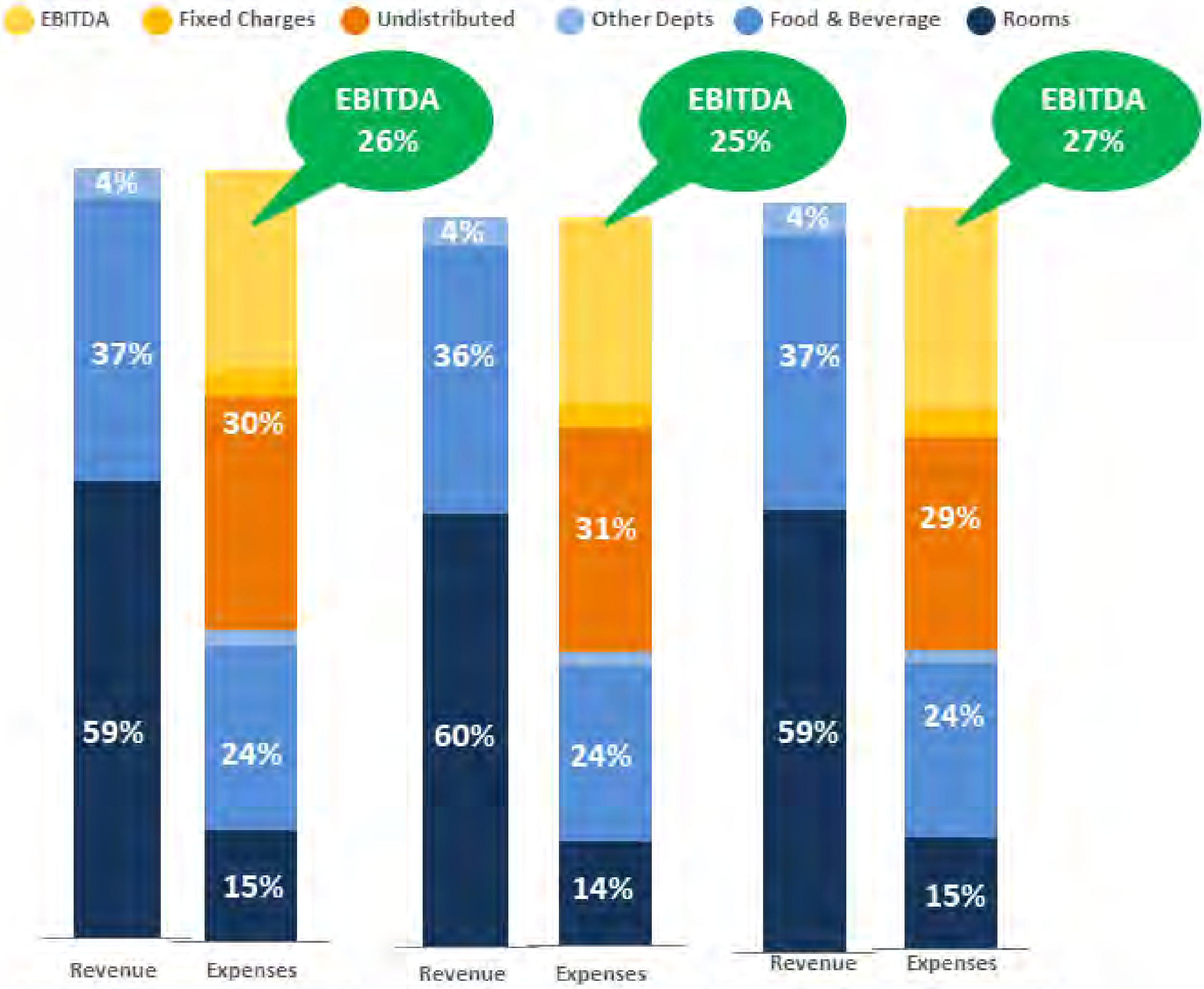
Exchange Rate: Please note that all financial and performance data that we received in local currency (Rupiah / IDR) are being converted into USD using a full year (1 January – 31 December) average exchange rate from the Indonesia Central Bank (www.bi.go.id) of **IDR 14,317**

Service Charges: All respective departmental revenues, Average Daily Rate (ADR) and Revenue Per Available Room (RevPAR) are **exclusive** of Service Charges.

Previous Year Comparisons: The derivation methods of the previous year's data (presented in the Summary of Results), has been retroactively adjusted to be consistent with the current year's practice. On this note, the 2017 performance figures shown in this current 2019 study (financial year 2018) might not be identical to the 2018 (financial year 2017) study.

Line Items: Vertical totals and averages of departmental revenues & expenses, undistributed expenses, rooms statistics, F&B statistics, spa statistics and Labour statistics may not add up as each average indicator is based on the hotels that contribute data for each specific line item.

REVENUE AND EXPENSE DISTRIBUTION

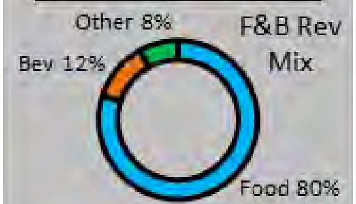


Overall Hotels

ADR: $ 63.7

$ 25,648 Total Rev PAR

F&B Rev Mix



F&B Rev POR: $ 39.3

Total Labour Cost To Revenue **27%**

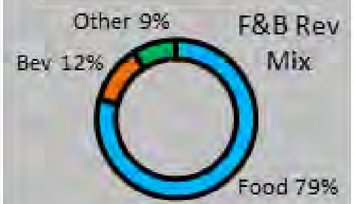
32% Gross Operating Profit

International

ADR: $ 77.4

$ 30,988 Total Rev PAR

F&B Rev Mix



F&B Rev POR: $ 47.7

Total Labour Cost To Revenue **27%**

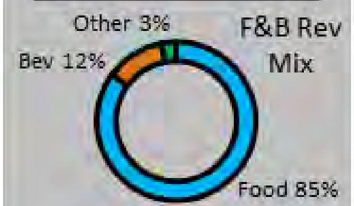
32% Gross Operating Profit

Homegrown

ADR: $ 42.6

$ 17,355 Total Rev PAR

F&B Rev Mix



F&B Rev POR: $ 26.5

Total Labour Cost To Revenue **25%**

33% Gross Operating Profit

TABLE 1.1 SUMMARY OF RESULTS

KEY FINDINGS

- The 2018 survey compiles 335 completed questionnaires, representing a total of 62,716 available rooms per day, a 3% increase from last year's survey.
- Room occupancy of the surveyed hotels improved 1% point to 68%. On the other hand, room rates were down by 6% YOY resulting in a 4% decrease in RevPAR.
- The 13% dip in Total Revenue PAR, helped drag the GOP PAR down by 29 percent despite lower departmental expenses, and UOE (down 6%).

TABLE 1.1

SUMMARY OF RESULTS	2018	2017	% Change
Total Number of Hotels	335	323	4%
Average Number of Available Rooms per Day	62,716	60,649	3%
Average Number of Occupied Rooms per Day	42,508	40,323	5%
Occupancy	68%	66%	1%
Average Number of Guests per Occupied Room	1.6	1.5	2%
Average Daily Room Rate (USD)	64	68	-6%
RevPAR (USD)	43	45	-4%
Average Rate per Guest Night (USD)	41	44	-8%
Total Revenue per Guest Night (USD)	69	75	-9%
Total Revenue per Available Room (USD)	25,648	29,548	-13%
Total Expenses per Available Room (USD)	17,439	17,955	-3%
GOP per Available Room (USD)	8,209	11,594	-29%
GOP as a Percentage of Revenues	32%	39%	-7%
Fixed Cost per Available Room (USD)	3,453	3,950	-13%
EBITDA per Available Room (USD)	4,756	7,643	-38%

Note:

Vertical totals may not add up as averages are based on respondents that contribute for each specific line items.

GOP: Gross Operating Profit

EBITDA: Earnings Before Interests, Taxes, Depreciation and Amortization