2018 Global Travel Forecast

Global air, hotel, and ground prices

GBTA FOUNDATION

CWT Solutions Group

Carlson Family Foundation

Carlson Wagonlit Travel

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Welcome to our fourth annual Global Travel Forecast, a comprehensive look at travel pricing and the macroeconomic influencers that drive it.

Our report is designed to enable travel buyers around the globe to create and support their travel programs for next year whether local, national, regional or in-between. A collaborative effort between the Global Business Travel Association (GBTA) and Carlson Wagonlit Travel (CWT), the report is again strengthened by the expertise of Rockport Analytics with additional analysis and context provided by *CWT Solutions Group*, and the support of the Carlson Family Foundation.

Note: In contrast to previous editions, initial projections for Meetings & Event spend are not included. Instead, the full 2018 M&E forecast will be issued by CWT in mid-Q3, enabling M&E teams worldwide to take full advantage of in-depth intelligence and forecast figures before planning next year's budget.

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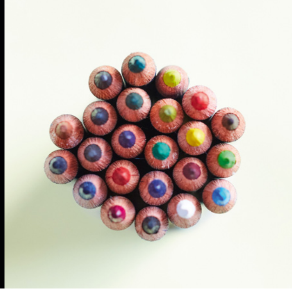
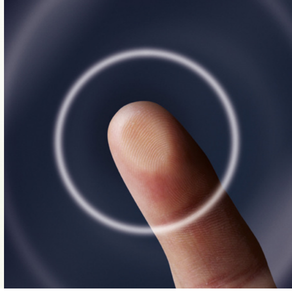




Global Macroeconomic Overview

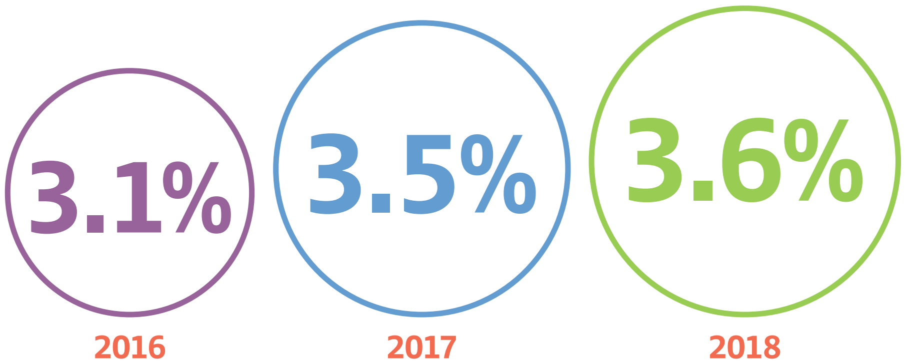
Headwinds and tailwinds

Global economic prospects are improving in 2017, as the International Monetary Fund is expecting 3.5% global economic growth for the year. This is in contrast to 2016, where global economic growth was 3.1%, its slowest growth since 2009.

2018 should see further improvement as the global economy is expected to grow at 3.6%. The growth is expected to be driven by rising consumer and business confidence, as well as recovery in manufacturing, investment and trade. Trade has begun to recover around the world after five years of slow growth. However, there is some concern if protectionist trade rhetoric becomes policy with more restrictions in the United States and other key markets. If that happens, a recovery is likely to be short-lived. Additionally, withdrawal by key countries from multi-lateral agreements such as Brexit and the Paris Climate Agreement is also causing concern.

Emerging markets now account for approximately 75% of global economic growth and are central to global performance. Yet tightening financial conditions could suppress further growth. Meanwhile, developed markets are also exhibiting signs of accelerating growth.

Global GDP Growth Accelerating



SOURCE: International Monetary Fund, World Economic Outlook Update, April 2017

Currency dynamics, inflation and oil prices all remain central to an outlook for the global economy and global travel prices in 2018. The U.S. dollar has continued to strengthen against the Euro and the Yen. Normalizing interest rates in the U.S. and continued accommodative policy suggest the dollar could continue to strengthen in 2018. Inflation has been on the rise, mainly driven by an increase in oil prices as the average price of crude oil is expected to rise 24% this year and another 5% in 2018. This trend will help boost exporting economies, but may be a headwind on a global scale. These factors, along with modest economic growth, will help keep global inflation mostly in-check, around 3% next year.

Asia Pacific

While **Australia** suffers from diminished consumer confidence, the country's outlook is positive with rising credit growth in the private sector, increasing commodity prices, and improved investment in non-mining industries. **China's** economy grew 6.9% in Q1 2017, attributed to increases in private and public sectors. Policy-supported efforts targeting growth have led to healthy gains in manufacturing and investment, which are expected to remain strong into 2018.

India remains the healthiest of the major emerging Asia Pacific markets with robust growth anticipated given pro-market economic reforms. Last fall, India's government surprised many, cancelling 86% of its circulating currency in an effort to rid its economy of "black money" and encourage a move toward a cashless, virtual payment society. **Japan** has shown slightly improving conditions as industrial production and exports strengthen and as consumer spending remains stable. **Singapore's** growth has decelerated given less industrial activity.

The outlook for the **ASEAN 5** (Association of Southeast Asian Nations) economies is mixed. **Indonesia**, the largest, is experiencing growth via additional exports and **Thailand** recently increased government investment in infrastructure, global trade and domestic spending. **Malaysia** moved toward a slight 2017 recovery, while **Vietnam** lost momentum given a new tax on natural resources and declining output from a mature oil industry. The **Philippines**, supported by government spending, is expected to remain among the best performers in East Asia for 2018.

2018 PROJECTED GDP

AUSTRALIA	CHINA	INDIA	INDONESIA	JAPAN
3.0%	6.2%	7.7%	5.3%	0.6%
MALAYSIA	**PHILIPPINES**	**SINGAPORE**	**THAILAND**	**VIETNAM**
4.7%	6.9%	2.5%	3.1%	6.3%

SOURCE: International Monetary Fund, World Economic Outlook Update, April 2017
SOURCE: IHS Global Insight, International Monetary Fund, Wells Fargo Securities, Rockport Analytics

2018 PROJECTED GDP

FRANCE	GERMANY	GREECE	ITALY	RUSSIA
1.7%	1.5%	2.7%	0.8%	1.4%
SPAIN	**SAUDI ARABIA**	**SOUTH AFRICA**	**UNITED ARAB EMIRATES**	**UNITED KINGDOM**
2.1%	1.3%	1.6%	4.4%	1.5%

Europe, Middle East & Africa

Moderate economic growth is expected to persist in Europe regardless of the slack in the labor market, Brexit risk and structural reforms. **France's** economy is expected to quietly accelerate as business and consumer confidence picks up and unemployment is stable. The outlook for **Germany**, Europe's largest economy, was revised upward in Q2 2017 given the country's budget surplus, a robust job market and solid domestic demand.

The **Norwegian** economy continues to be subdued by oil sector fallout. In **Denmark**, exports should contribute to greater economic growth. **Sweden's** outlook is optimistic with an industrial upturn, residential construction approaching a 40-year high, and households benefiting from new national collective bargaining agreements.

Russia continues to recover from its recession, supported by rising commodity prices, easing inflation and rising oil prices. The **United Kingdom's** growth forecast was also upgraded in Q2 2017 with stronger-than-expected performance since the Brexit vote, the impact of which is not likely to be felt until 2019 and is less certain given its now "hung" parliament. **Ireland** will continue strong growth fueled by domestic demand.

Economic performance has been mixed in the **Middle East and North Africa** in 2017 thus far. Non-oil activities remain strong, yet the oil sector deteriorated notably in Q1 with reductions in crude production given the late 2016 deal among major players, including the Organization of the Petroleum Exporting Countries (OPEC) members and Russia. Related, ongoing tension between several Middle Eastern countries for a variety of reasons and including **Iran, Qatar, Saudi Arabia** and **United Arab Emirates** adds to regional uncertainty.

Latin America

Latin America should benefit from rising commodity prices and accelerating world trade into 2018, particularly given strong currency depreciation making exports more competitive. Economic and social relations between the United States and most Latin American countries remain strong, **yet there is increased tension and deterioration of relations under the new U.S. administration's** trade and immigration policies.

Latin American countries are also competing with emerging markets in Asia, making economic and political health essential for them to thrive. While Brexit does not pose an existential threat, if developed economies including China, the European Union and the United States are affected, the region could feel secondary impact. Global corporate travel buyers should negotiate in local currency only to ensure market-based pricing.

In **Argentina**, a new more business-friendly government is aiding its recovery. **Brazil** was expected to continue its slow but steady recovery in 2017 from its worst recession in modern history given lower inflation, improved confidence globally and a less-tight monetary policy; however, recent corruption allegations are likely to impact the Brazilian economy and travel prices there over time. **Mexico's** economy is buoyed by solid growth in agriculture, services and merchandise exports, while inflation there has been rising along with fuel prices and interest rates. **Chile's** weaker peso supports agricultural exports. Rising oil prices are expected to boost **Colombia's** outlook. The **Peruvian** economy remains stable with growing mining investments. Political headwinds are having a severe impact on **Venezuela's** outlook. Key elections in 2017 and 2018 will also impact the region's performance.

2018 PROJECTED GDP

ARGENTINA	BRAZIL	CHILE	COLOMBIA	MEXICO	PERU
2.3%	1.7%	2.3%	3.0%	2.0%	3.7%

2018 PROJECTED GDP

CANADA	UNITED STATES
2.0%	2.5%

North America

Initial confidence in the new U.S. administration lifted growth prospects in the **United States** early in 2017, despite downside risks hinging on both fiscal and monetary policy decisions. **Of increasing concern is the administration's protectionist position** along with other, unconventional viewpoints, which may threaten worldwide stability and economic growth. That said, the growth rate of the United States economy, just 1.6% in 2016, is projected to increase to 2.3% in 2017 with even greater growth potential in 2018.

At the same time, optimists **speculate Canada's economy could outpace the U.S. in 2017**. An unexpected 2.3% increase year-over-year in Canada's GDP in early 2017, brought on by increases in 15 out of 20 major industries including manufacturing, resources, wholesale goods and retail, may mean the country has indeed moved past a slowdown brought on by slumping oil prices.

SOURCE: International Monetary Fund, World Economic Outlook Update, April 2017
SOURCE: IHS Global Insight, International Monetary Fund, Wells Fargo Securities, Rockport Analytics

Key Risks

While interest rates, monetary policy, inflation, job growth and oil prices are common indicators of economic performance, there are some additional, trends and risks to watch heading toward 2018:

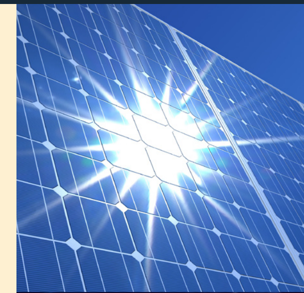
New U.S. Administration Policies. The market expects a more favorable corporate tax policy from the new U.S. administration, which supports continued optimism in the financial markets and the real economy. However, should these tax cuts be delayed or derailed, the prospects for the U.S economy could become unsettled. Another key risk to the global economy is potential for reductions in free trade via tariffs or border adjustment taxes, which would create a major headwind to trade in the U.S and abroad.

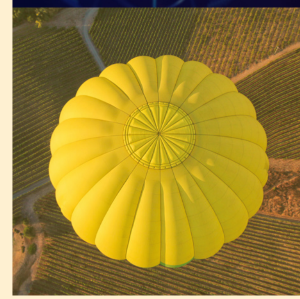
European Politics. The full impact of Brexit is not likely to be felt until 2019 at earliest, and with a hung U.K. parliament, EU negotiations may be impacted. There is still much to be decided, and the potential economic effect lies mainly in trade agreements negotiated with each European Union member. Bilateral open access between the United Kingdom and other EU members would lead to a much healthier Europe and global economies, post-Brexit. The world will be watching closely as this unfolds throughout 2018. In addition, the populism that fueled Brexit could also leak into other parts of Europe.

Emerging markets. Policy-driven rebalancing appears to be moving China's enormous economy in the right direction. India is one of the fastest-growing markets in the world and should continue to be into 2018. Both Russia and Brazil are currently rebounding from recession and are expected to experience economic growth in 2018 fueled by rising oil and commodity prices, yet both face ongoing political uncertainties. The health of these four major emerging economies remains fragile and should their economic progress backslide, there would be consequences for the global economy.

Other geopolitical risks. Terrorist events worldwide in Europe, the Middle East and beyond are heightening unrest around the globe. The U.S. missile attack on Syria, the ever-rising nuclear threats from North Korea, South Korea's political concerns, and leadership changes across the globe can threaten global economic stability. In addition, travel bans, electronic device bans, visa waiver issues, government corruption, possible further oil price volatility, cyber attacks, and growing protectionism sentiment can all be a headwind for economic growth and derail expectations for 2018.

The Exchange Rate Effect

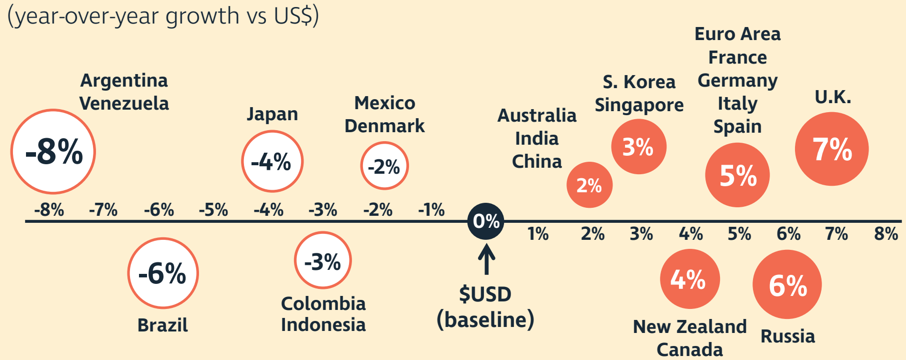




This Travel Price Forecast is conducted and presented in U.S. dollars, or USD, which offers easy geographical comparison and consistency with previous forecasts. At the same time, USD can differ significantly from prices in local currency, making it critically important to consider exchange rates when analyzing expectations for price increases. More specifically, forecasts are influenced by each local market's currency and whether it appreciates or depreciates against the USD in 2018. As an example, the Argentine peso is expected to depreciate 7.7% against the dollar in 2018. So while we expect Argentina's average air price in USD terms to increase by only 0.2%, the expectation in local terms would be for a gain of 7.9%. The expected gain in purchasing power in USD accounts for the difference between the two rates.

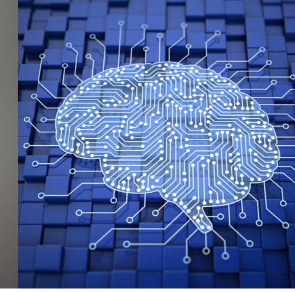
2018 Foreign Exchange Forecast

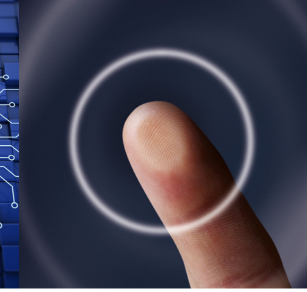
(year-over-year growth vs US$)



SOURCE: IHS Global Securities, International Monetary Fund, Wells Fargo Securities, Rockport Analytics

Technology That Can Take You Places





Already, a host of technologies including biometrics, robotics, augmented reality, and wearable technology, are affecting travelers' movements. Airports are cultivating a new ecosystem around the Internet of Things, or IoT, as "things" connect and drive operational efficiencies with multi-way communication between their facilities, travelers and suppliers. **Yet these very tangible examples are just the beginning of changes most cannot even imagine**. These are some of the biggest "disruptor" technologies expected to impact corporate travel in 2018 and beyond:

Artificial Intelligence = Big Data + Machine Learning

Considered by some to be the world-changing electricity invention of its time, Artificial Intelligence, or AI, is the ability of machines to carry out routine tasks in a *smart* way. Big Data is simply a lot of data. AI is what happens when machines take big data, find patterns and, with algorithms that mimic human-like reasoning, perform tasks that previously required human touch. **Experts believe AI will automate portions of business travel more quickly than leisure** given traveler profile data and frequency, program parameters, and recurring travel patterns. **AI is not new**—think Google's search engine; however, it is growing and improving: consider surge pricing based on predicted rider demand for Uber. For now, AI is still limited by data sets and its ability to reason, ensuring human input and influences remain important for now.

Blockchain

Blockchain is most well-known as the technology behind virtual currency service Bitcoin, but its potential extends well beyond. A giant, virtual ledger of transactions and agreements, Blockchain is a database of encrypted information and users can remain anonymous. It is considered tamper-proof as information cannot be altered, eliminating the need for a single authority to own, process or store the data. **Airlines, hotel groups, agencies and other stakeholders throughout the travel industry are considering whether the technology could be adopted** to facilitate and manage transactions, particularly across multiple countries and currencies. Blockchain databases can be public or private and information repeats across a network of computers, making it difficult to hack. Payment solutions are the most likely application of Blockchain technology in the travel industry but a lack of standards and protocols, along with apprehension about its novel capabilities and uncertain limitations, may slow adoption.

Chatbots

Processing information 1,000 times faster than humans with the potential for enhanced results, chatbots are conversational interfaces—voice or text—powered by AI and expected to reshape the way customers *interact* with businesses. While organizations have been using mobile apps to drive a more efficient, customized connection with their target audiences, chatbots may be a more capable, supplier-independent option. ***When*, not if, chatbots take off, travel suppliers will need to carefully weigh how to best engage as the websites and mobile apps that gave them back their direct link with travelers may soon be obsolete.** Smart, voice-activated, AI-powered chatbot assistants like Apple's Siri is a well-known consumer chatbot and a growing number of others are available in other channels. In a B2B setting, back-end system integration with a chatbot will be critical to businesses who want to improve service. Today, most chatbots are too basic to offer tangible value but chatbot development is backed heavily by strong development with the means to deliver meaningful results.

Technology is moving at a rigorous pace. Particularly in business, technologies can leap frog their predecessors quickly. For all industries, technology will enable success or ensure failure. And so, corporate travel buyers must buckle up and embrace what's next. It's coming either way.

SOURCES: Forbes, Huffington Post, Quora and Skift

Global Air Projections

Airline pricing is expected to increase

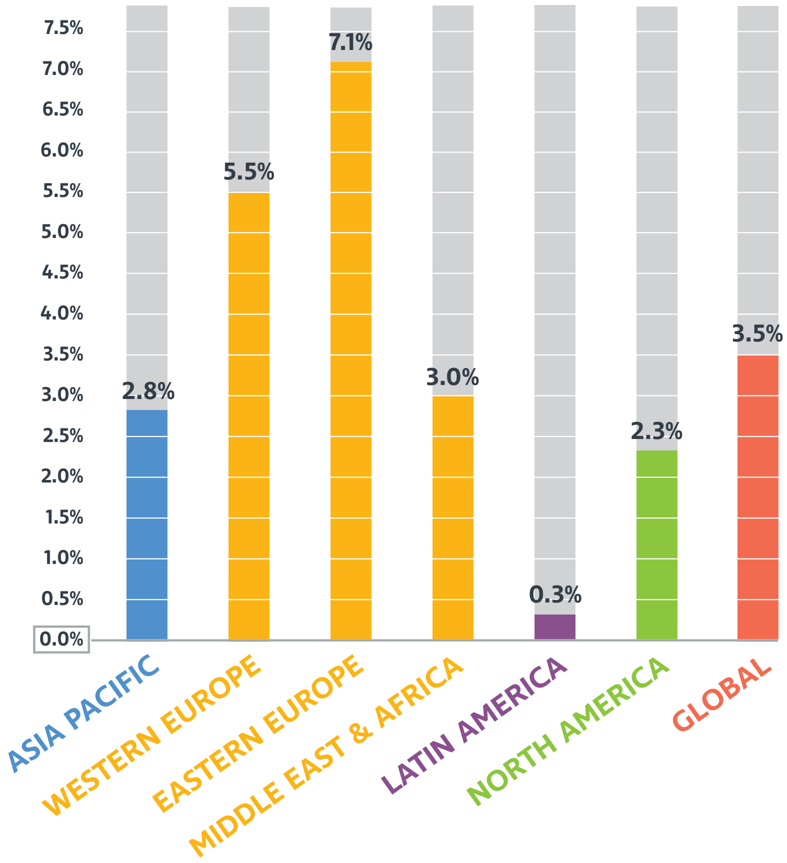
The global airline industry's capacity is expected to grow around 7% in 2017 and 6% in 2018.[1] Complicating airline pricing is segmentation of fares to broaden appeal as travelers are able to purchase from options including a basic economy restricted fare or various upgraded fares, with specific service options.

On a macro level, segmentation **is changing the broader definition of carriers**, blurring the lines that once separated full-service, legacy, low-cost and ultra-low-cost options. While it may help carriers combat shrinking margins, it introduces new challenges for buyers in controlling costs. Some have blocked these fares from their corporate booking tools after observing increased total trip costs using them with ancillary services. Yet, as long as travel policy is adapted to address unbundled, branded fares and travelers are educated to understand the options, branded fares may support both cost control and traveler satisfaction.

Airline prices are expected to rise along with oil prices in 2018. Oil prices have hovered below $50 USD per barrel thus far in 2017 after bottoming out in early 2016 at $29. How an airline is affected by fuel prices depends on its hedging contracts. Some carriers hedged and paid greater than market pricing in recent years, while others benefitted from little to no hedging. **Airlines have committed to reinvesting earnings** into equipment and services that benefit customers, while also reducing debt and rewarding shareholders. There is also significant capital investment by many carriers to improve or expand terminal facility space. **Recurring fuel surcharges** should also be watched as oil prices rise.

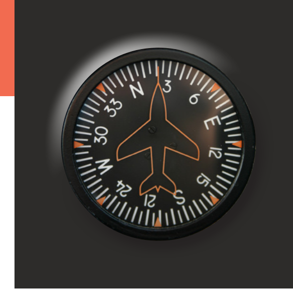
The U.K./U.S. electronics ban on incoming flights requiring passengers from certain airports check their electronic devices, along with the U.S.' recently implemented restrictions for U.S. entry from certain Muslim-majority countries, are impacting worldwide sentiment and travel spend. **Corporate travel programs are expected to trend traveler-centric in 2018** with an improving economy and cost tolerance varying by region, industry and traveler type. At stake may be increased productivity, job satisfaction and employee retention—particularly for Millennials.

2018 AIR PRICE PROJECTIONS



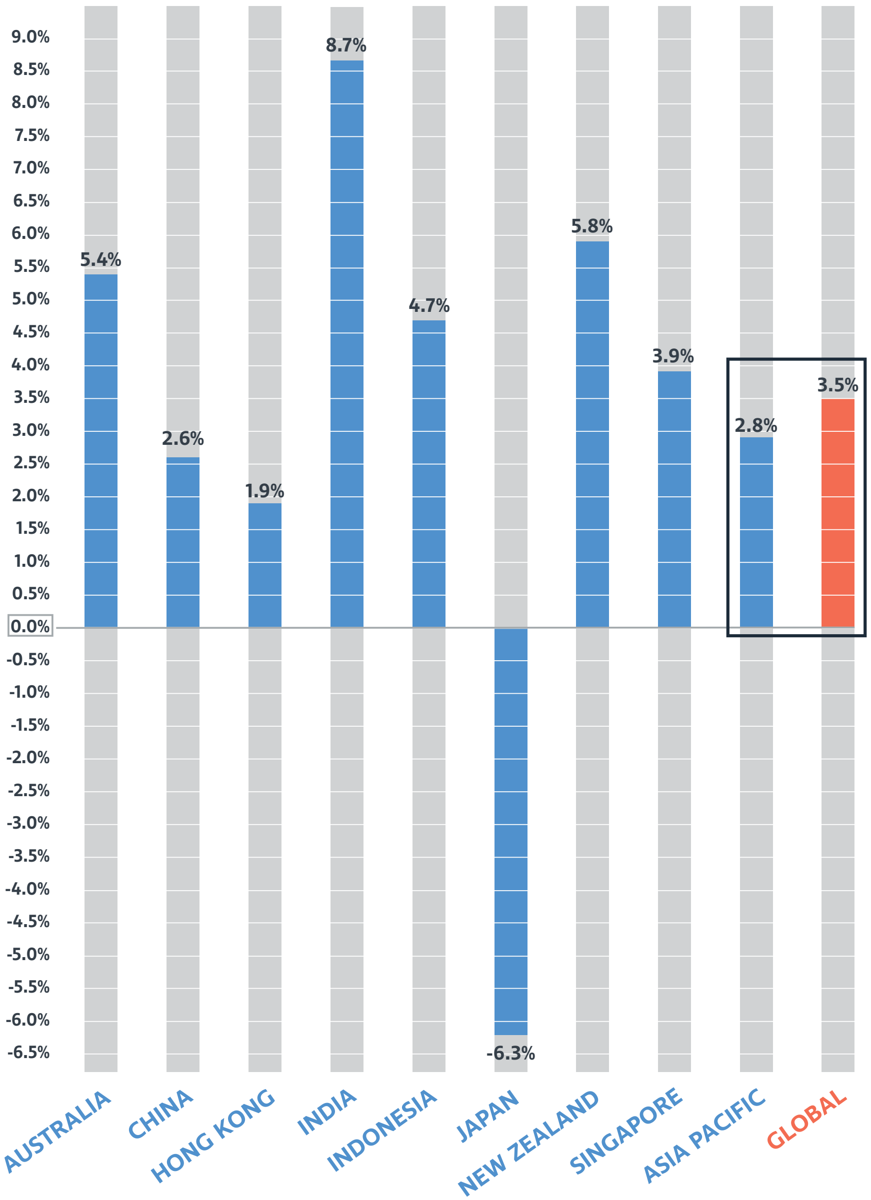
While a basic economy fare may appear less costly upfront, it may be more expensive than an upgraded fare depending on a traveler's expenses before and during a flight.

[1] Crucial Perspective
Forecasted rates are indicated in USD and might have different values when translated to local currencies.



Asia Pacific

2018 AIR PRICE PROJECTIONS



Forecasted rates are indicated in USD and might have different values when translated to local currencies.

Domestic demand is increasing, particularly in China and India, putting additional pricing pressure on key markets in both. This new mindset, along with segmentation of airfares, is generating new competition between carriers. Consider British Airways, discontinuing free food and beverage on some short-haul flights and instead offering a fee-based option to better compete with low-cost carriers (LCCs). On the other hand, South Korean LCC Jeju Air now offers its “Side Seat” or “Sleeping Seat Package” on certain routes. This allows travelers to purchase one or two seats next to their own, giving them additional space on crowded low-cost flights and giving the airline a way to collect additional revenue on last-minute available inventory. The expanding Singapore-based LCC Scoot is following the same pattern, and plans to add new long-haul routes to Europe and beyond.

AirAsia aside, **airlines in the region broadly are partnering with GDSs** to display basic economy airfares and grow ancillary fee revenue, also resulting in a move away from manual bookings and toward consistency in fare displays. As many of the economies in Asia strengthen, **weaknesses in infrastructure—and airports in particular**—are increasingly apparent. As the fastest-growing aviation market in the world, Beijing Capital and Hong Kong Airport have reached terminal capacity while Mumbai and New Delhi are expected to do the same in 2018 and 2021, respectively. Further complicating any solutions is ensuring air space can accommodate added capacity.

While there is no short-term fix to improve the region’s air travel congestion broadly by 2018, **Singapore Changi Airport** recently opened its fourth terminal relieving pressure with greater capacity and flight frequency. In Indonesia, **Jakarta's Soekarno-Hatta Airport** recently completed phase one of its 25 million-passenger-per-year terminal. **Beijing New Airport** is slated to open in 2019. With these improvements and others planned over the next two decades, airport development fees are likely to follow.

> *Culturally, local travelers were once unwilling to sacrifice service for savings. These same travelers are now using LCCs to ensure cost-conscious travel.*

Europe, Middle East & Africa

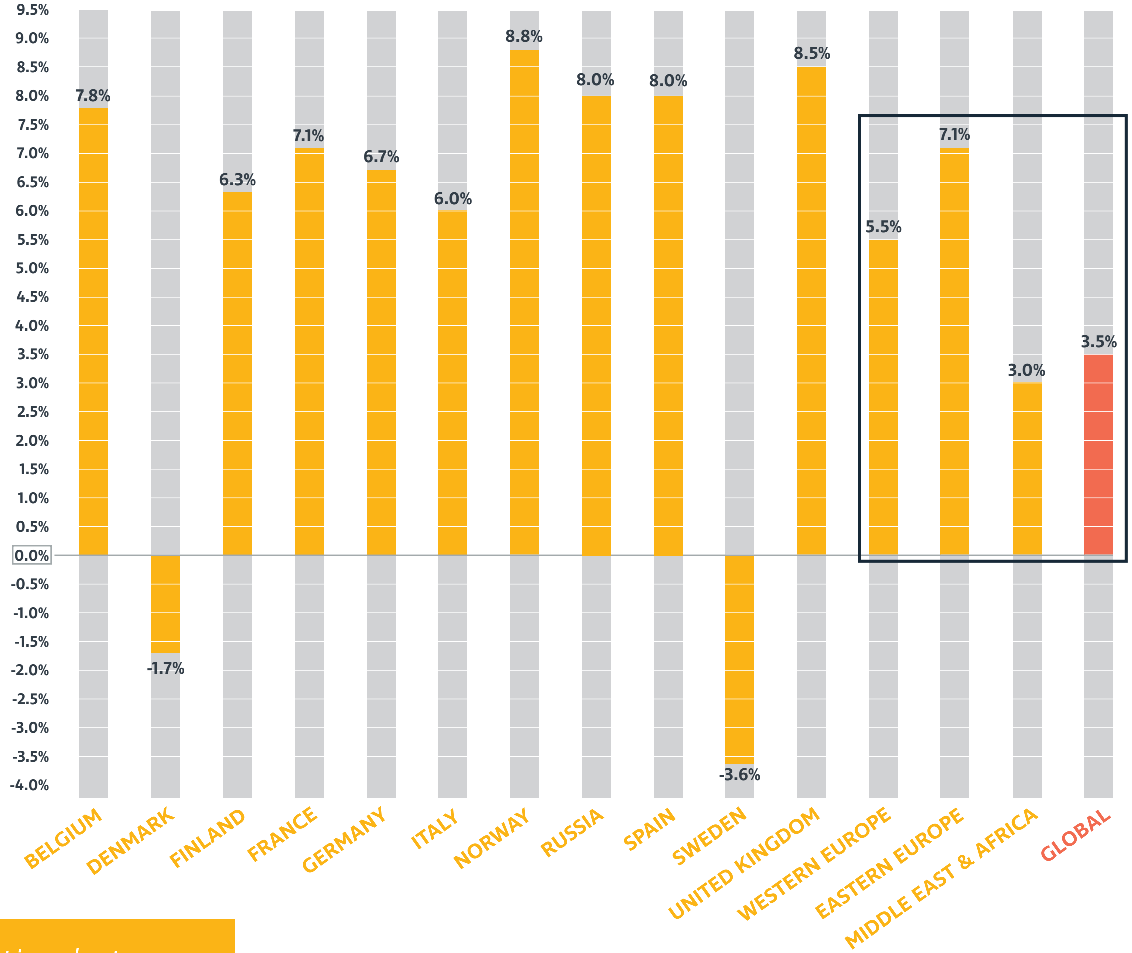
European travel is anticipated to continue stable growth. Currency fluctuations in Europe may also further impact airfares in 2018. Air suppliers are using a two-fold strategy with GDS partners, creating direct distribution channels to avoid GDS fees while also working with GDSs to adapt their model to accommodate growing ancillary fees. And, while travel buyers are taking growing interest in satisfying traveler preferences, price is still the priority.

Domestic routes are expected to be price-sensitive with more low-cost carrier choices, while international trips face continued demand challenges. Given limited competition and the upcoming summer 2018 World Cup, Eastern Europe may again have the most significant price increases for air in the region. Travel buyers should book in advance or postpone to ensure availability and to avoid short-term price hikes.

Legacy carriers are responding with creative segmentation of pricing for medium-haul flights, which is intensifying already-stiff competition with low-cost carriers as they aggressively target legacy corporate segments in **Western Europe**. Unintended results for legacy carriers include business class travelers downgrading to premium economy, rather than economy class travelers upgrading as envisioned. The future of Germany's second-largest airline, Air Berlin, seems uncertain after it revealed record losses for 2016. The carrier, subsidized by Etihad Airways, which owns a minority 29% stake,[2] is expected to tighten operations accordingly.

Carriers in Middle Eastern and African countries are impacted by ongoing security threats and the oil and gas industry, which is slowly recovering. While economic growth is anticipated over the long term, ongoing depressed demand throughout 2018 for Algeria, Azerbaijan and Nigeria remains a concern for carriers.

2018 AIR PRICE PROJECTIONS

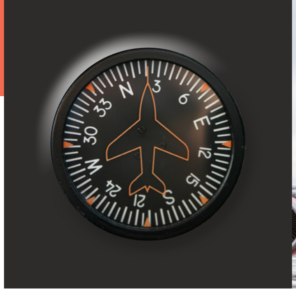


While there is uncertainty about Brexit's impact on aviation between EU countries, the earliest estimate for the United Kingdom's departure from the EU is spring 2019, signaling clear skies for 2018.

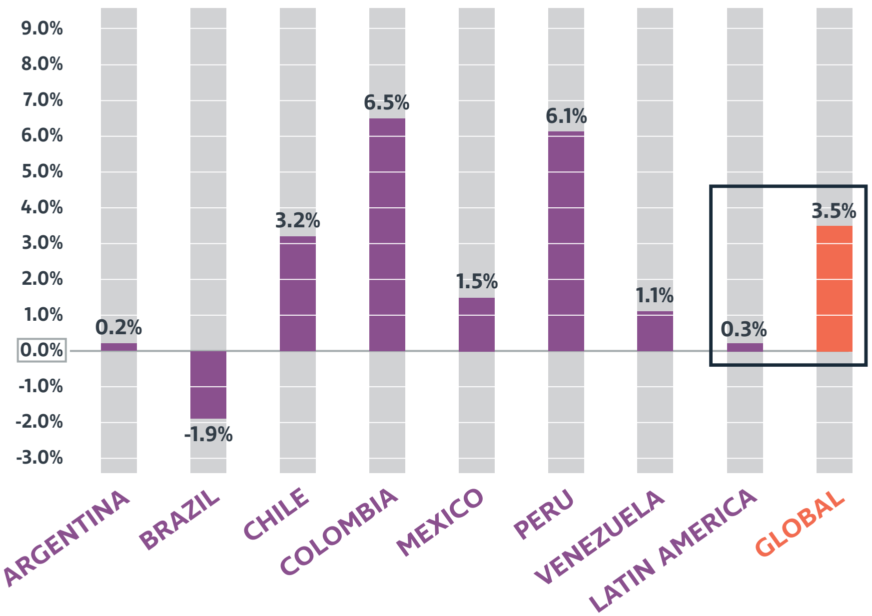
[2] FVW

Forecasted rates are indicated in USD and might have different values when translated to local currencies.

Latin America



2018 AIR PRICE PROJECTIONS



Segmented fare pricing with ancillary fees including fees for checked baggage, pre-assigned seats and on-board food and beverage are becoming the region's new norm. Brazil's economy received a boost in part due to the recent privatization of a handful of the country's airports, with potentially more to come. Airlines have also cautiously added capacity back into the market. Latest data from OAG travel intelligence organization indicates 6% more flights will operate in summer 2017 vs. summer 2016 while broader analysis of South America shows a 20% increase in scheduled flights by the end of 2019.

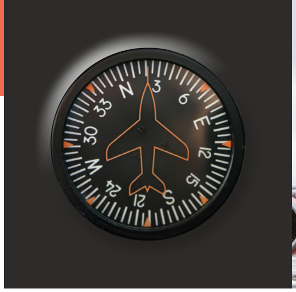
With increased carrier opportunities in primary and secondary cities, low-cost carriers, or LCCs, are positioned well given low penetration apart from Brazil. In fall 2016, new Bogotá-based LCC, Wingo, took over most Copa Colombia routes and added new ones. Azul continues to grow in the region and Argentinian startup Flybondi is making headway as LCCs target LATAM key markets. In Chile, Frontier-owner Indigo Partners is launching JetSmart, expected to be operational by the end of 2018 in the country and beyond. Ryanair has started selling flights to Latin America from Madrid as part of a partnership with Air Europa.

Venezuela's economic outlook is further strained given a growing list of carriers from around the globe that have halted flights to and from the struggling market. Until recently, the Argentina market was difficult for foreign airlines to enter. However, the new government has a more open view, adding new service with new carriers including COPA, Sky Airline, LATAM, and Air New Zealand with even more under consideration. **New, more efficient aircraft placed in operation in 2017** for LATAM, Avianca and Azul will also support lower operating costs in 2018. HNA Group bought a 23.7% stake in Azul Brazilian Airlines, Qatar purchased 10% of LATAM Airlines, and a joint business agreement between LATAM and IAG was approved in March 2017, creating additional options between Europe and South America.

Increased carrier competition could lead to lower fares; however, any savings will be tempered by the anticipated 2018 recovery in oil prices, which is expected to increase airfares.

Forecasted rates are indicated in USD and might have different values when translated to local currencies.

North America

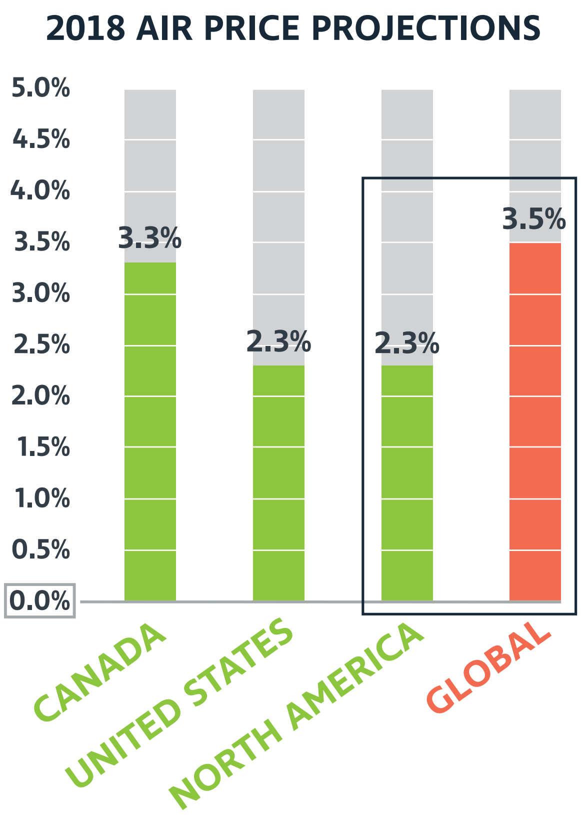


Historically, LCCs have gone after legacy carrier markets; however, the opposite is now just as true. Consider Alaska Airlines and Virgin America's joint deals, enabling both a greater presence on the West Coast, including service in traditional Southwest Airlines' markets, and perhaps driving fares down. Canadian airlines are expected to aggressively compete given new market entrants and capacity growth, about 11% in 2017 and 12% in 2018.

Travel programs have long made traveler distinctions based on organizational level or travel frequency but the **ability to determine policy for a traveler based on anticipated trip's return on investment** is novel. Strategic travel analytics are expressed through reason codes, pre-trip approvals and reporting, as well as employee and specific business data.

U.S.-based carriers met with members of the United States House Transportation and Infrastructure Committee in Q2 2017. Committee members plan to intervene with widespread mandates for reform if U.S. carriers do not quickly resolve growing public dissatisfaction given recent well-publicized passenger incidents.

The **U.S.-implemented electronics ban** imposed on direct flights originating at 10 airports in eight countries in Q1 2017, **is being lifted for airlines and airports that meet new U.S.-mandated security requirements**, which include enhanced explosive detection screening technology and are expected to create additional processing time for travelers. No official announcement has been made by the UK, which has a similar ban in effect. In addition, **portions of a U.S. terrorism-related travel ban**, restricting entry into the U.S. from six Muslim-majority countries, went into effect after the U.S. Supreme Court temporarily lifted legal blocks and will review the full case in Fall 2017. Cost estimates for the temporary ban are at more than $1 billion in lost industry spending. The U.S. **also announced plans to privatize its air traffic control system**, a move supported broadly by commercial airlines and the air traffic controllers union, despite criticism that it may give the airlines too much control and increase fees for smaller aircraft.



With the region's air travel market nearly flat year-over-year in early 2017, competition is fierce between carriers who also now compete on branded fares rather than only on bundled fares or by carrier type.

Forecasted rates are indicated in USD and might have different values when translated to local currencies.

Global Hotel Projections

Impact from mega mergers likely to be felt

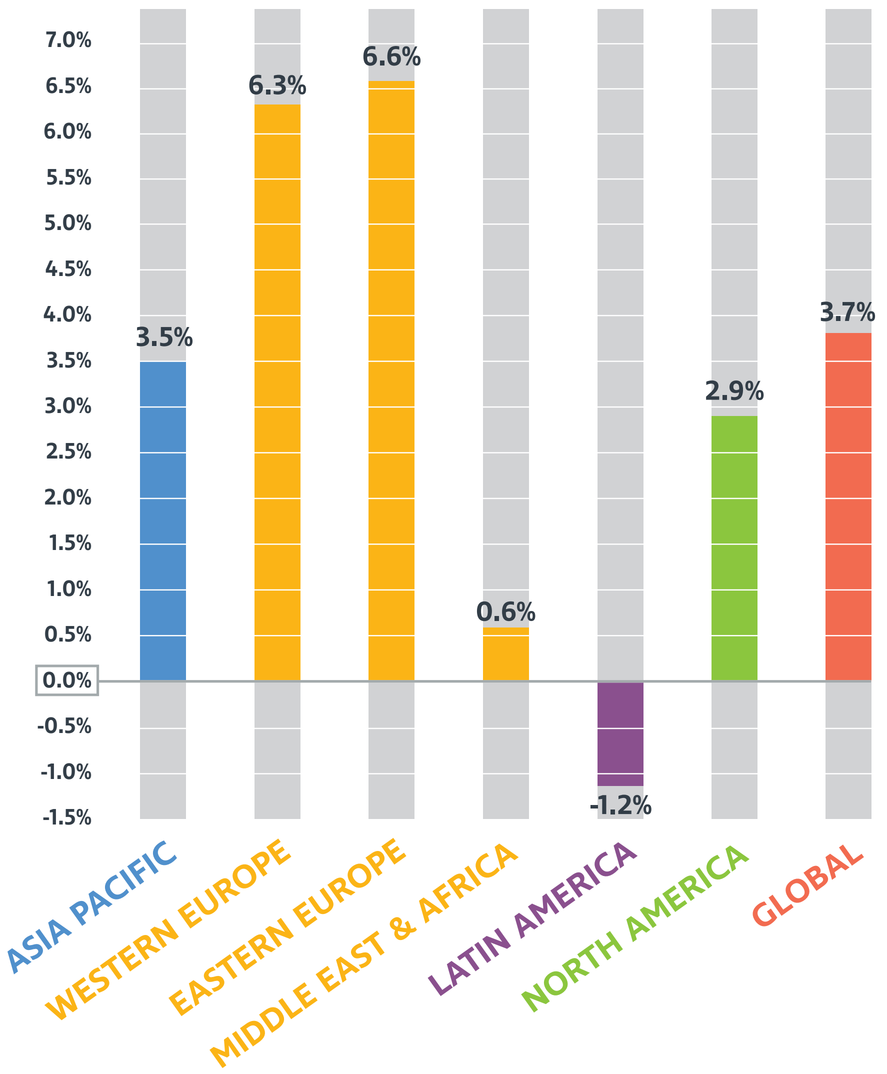
There is a **progressive push from suppliers** to move corporate buyers away from fixed, negotiated hotel rates and toward dynamic rate pricing. While technology can accommodate dynamic rates, historically the rates have not proven advantageous for buyers. As the industry moves toward a 15-20% discount off published rates, a blended program that offers both fixed and dynamic rates with maximum thresholds in low-volume markets may work for both suppliers and buyers.

While hotel mega merger news has quieted down, **the impact is expected to be first felt with the 2018 hotel RFP season**. Most buyers are likely to be working with one contact now for Marriott/Starwood to address all issues across the combined entity's properties and the same may soon be true for others. Speculation is also growing about how long mega hoteliers will operate with numerous brands to market and support rather than simply combining operations. In a move to diversify, Airbnb added "Trip" in late 2016, offering to connect individuals with fee-based tours and activities. Meanwhile, traditional hotels are also responding to growing demand for traveler experiences by ramping up value-added, concierge services to deliver beyond the walls of their hotel.

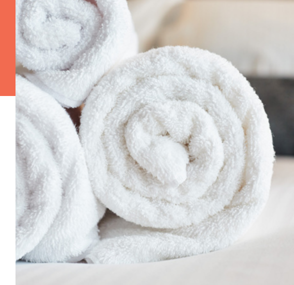
"Smarter" hotels are now assumed with hotels investing in beacon technologies, messaging, in-room entertainment and more. Mobile apps are expected to be used more and more by tech-savvy guests to check in and out, unlock their hotel room door, operate the television remotely, control room temperature and more. And, while big data is available, hotels haven't determined how to personalize it.

Sharing economy properties continue to compete for corporate travel business although with limited success given government pushback around the world and continued need for traveler services such as room service, laundry and security.

2018 HOTEL PRICE PROJECTIONS



Forecasted rates are indicated in USD and might have different values when translated to local currencies.



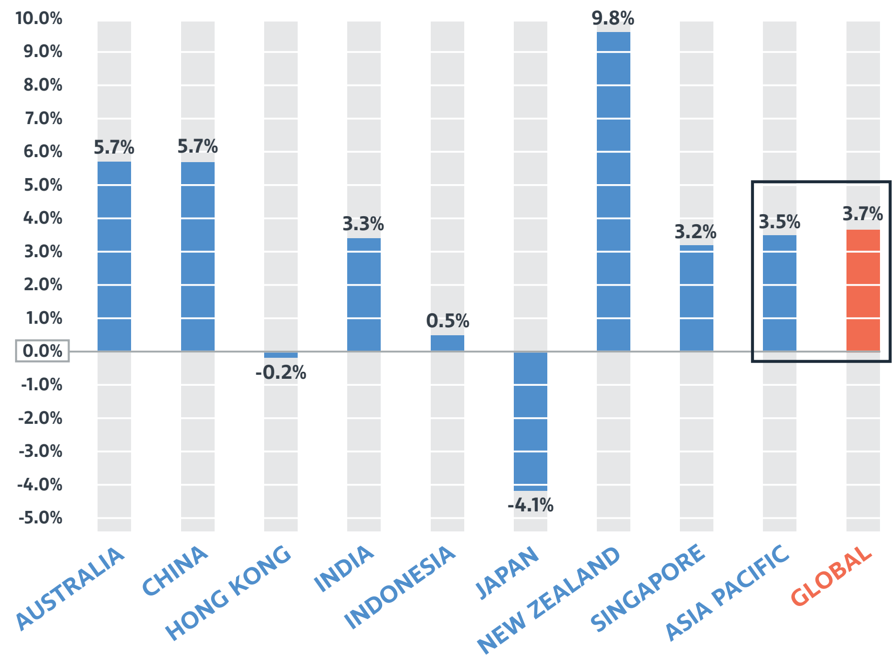
Asia Pacific

Intra-continent demand is increasing, particularly for China and India, putting additional pricing pressure on key markets for both. Buyers should anticipate a more challenging discussion with newly merged hotel groups, especially in high-volume markets such as **Bangkok, Beijing, Shanghai and Singapore**. To prepare, buyers should research options heavily since the market remains highly fragmented and competitive.

With a buyer's market in most cities, hotel suppliers in the region are not pushing dynamic rate pricing as intensely as other parts of the world. **Multi-year deals are a minor, but potentially growing trend** with about 3% of buyers now looking to negotiate contracts over a longer time period and avoid annual hotel RFPs. However, without dynamic pricing to adjust market rates relative to market demand, longer contracts can have both favorable and unfavorable results given market fluidity. Buyers should want some caps on dynamic rates should they choose to utilize them.

Political tensions have resulted in a **Chinese government-imposed ban of tour group sales** to South Korea. Before the ban, South Korea had been working to diversify the country's tourism industry away from China. Neighboring countries benefiting from redirected Chinese travelers in 2017 are also keen on diversifying their own tourism efforts to avoid the same predicament. With the Winter Olympics taking place in South Korea in February 2018, buyers with significant travel in or near Olympics-host Pyeongchang should consider advanced bookings to ensure minimal disruption.

2018 HOTEL PRICE PROJECTIONS



Despite the lack of a mandated policy for most, corporate buyers in the region are likely to continue to encourage more economical travel in 2018.

Forecasted rates are indicated in USD and might have different values when translated to local currencies.

Europe, Middle East & Africa

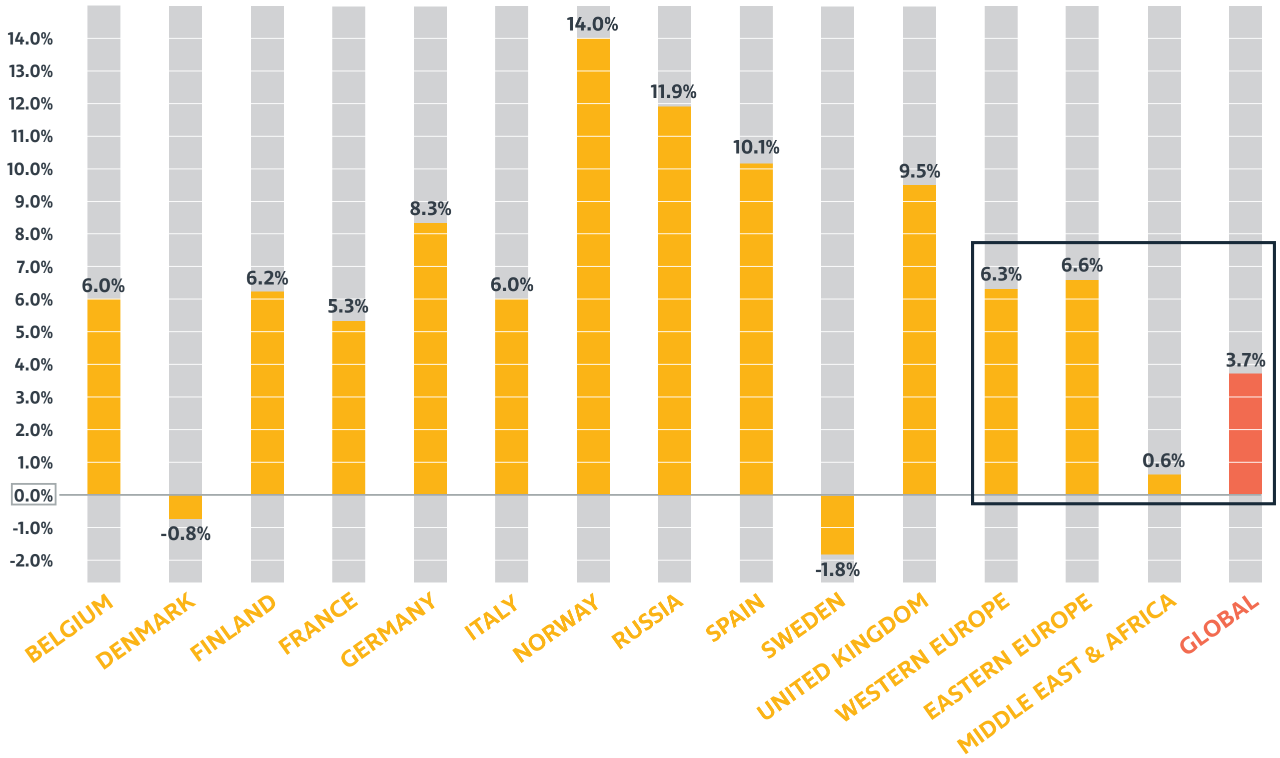
The **United Kingdom** remains a leading hotel market in Europe with no measurable impact from Brexit expected until 2019, while **Germany's** European market share grew to nearly 30% in 2016. Hoteliers in Eastern Europe are optimistic as early 2017 figures show occupancy picking up. There has been a large increase in upscale hotel transactions in the United Arab Emirates as oil prices rise.

Revenue per available room (RevPAR) growth is expected for most major cities across Europe in 2018 with Porto and Budapest leading. With its halt on hotel construction, Barcelona may join the top five cities for occupancy rates while Amsterdam has implemented a "hotel stop" policy to limit new hotel development. Dublin is increasing supply through 2020. In the **Middle East & Africa**, Saudi Arabia led rooms in construction statistics, United Arab Emirates was second; Qatar and Egypt followed.

Hotel negotiations for 2018 will expand beyond the dynamic pricing debate to include multi-year deals, avoiding the annual hotel RFP effort and offering greater rate stability. Buyers should target a multi-year, blended program with dynamic rates limited to low-volume markets with reasonable rate caps. Buyers should also ensure ancillary services continue to be included.

Use of Airbnb and other sharing economy accommodations will remain minimal as governments tighten control. The 2018 Summer World Cup will be held in ten cities across **Russia** and buyers should consider advanced bookings. Improved data accuracy, access to content, global distribution system fees and the potential of direct connects are ongoing priorities.

2018 HOTEL PRICE PROJECTIONS



Security concerns remain high and hotel security workshops are common throughout the region.

Forecasted rates are indicated in USD and might have different values when translated to local currencies.

Latin America

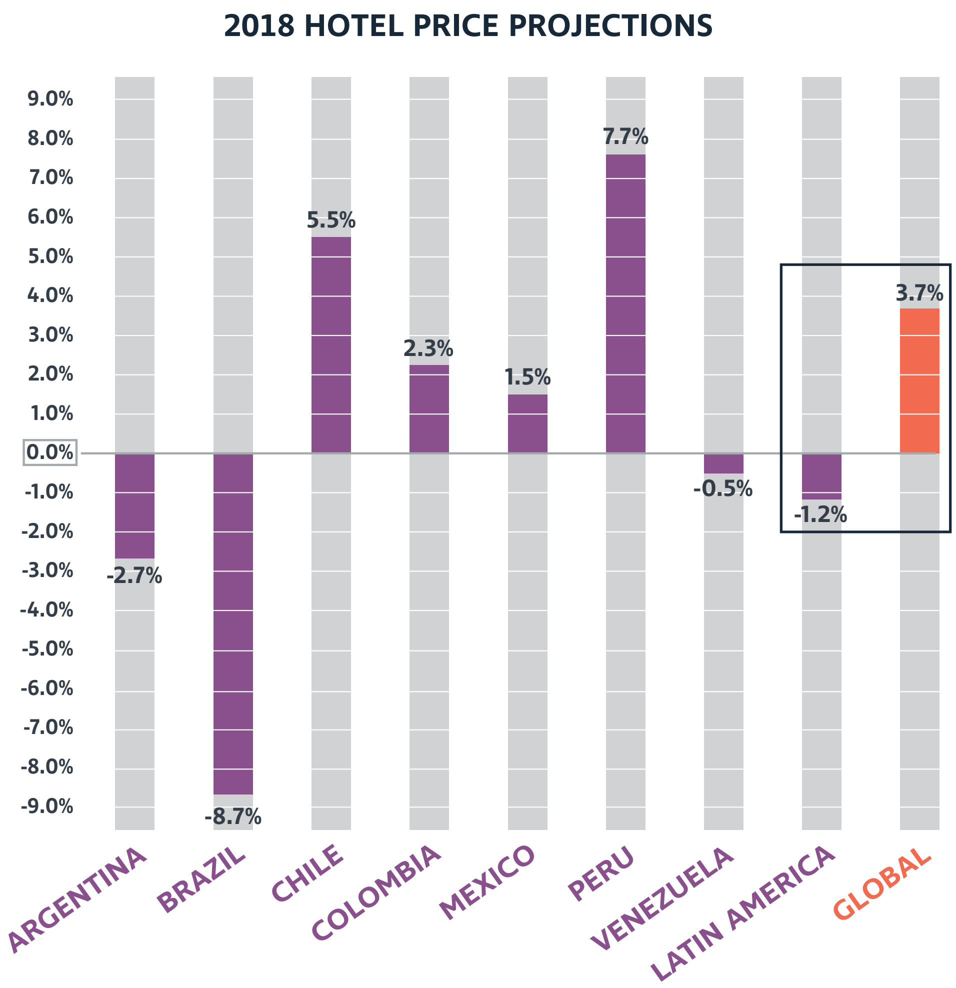
Aggregating hotel content in global distribution systems is a challenge in the region as many hoteliers are independent properties and both rate inclusion and accuracy are difficult to obtain. Instead, **hotel bookings are often made via phone, email, or fax with payment handled via cash or centralized billing**. Buyers may see efficiency gains in 2018 as bigger brands purchase smaller independents and offer more sophisticated systems.

Sharing economy accommodations are still not popular for corporate travel in Latin America given security concerns. Dynamic rate pricing is also not expected to make much headway in 2018, as most hotels offer both last room available and non-last room available rates for corporate programs. Dynamic pricing, in which rates are adjusted up or down along with market demand, is only available in larger cities like São Paulo or Rio de Janeiro.

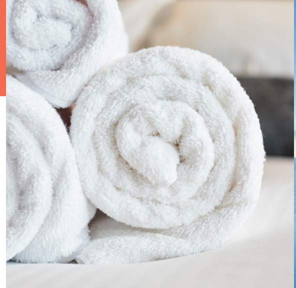
In the first half of 2017, **Rio de Janeiro** topped the list as the region's most expensive city; yet, that may change quickly given surplus capacity following the World Cup and the Summer Olympics in 2016. Corporate travel demand is declining in São Paulo and Bogota is down 21%.

In Brazil, BHG and Accor Hotels recently announced a $63 million deal for Accor to take over a portfolio of 26 hotels with 4,400 rooms and Hilton announced teaming up with Atlantica to grow its Hilton Garden Inn brand. Finally, an estimated 449,500 new hotel rooms will be constructed in **Mexico, Chile, Argentina, Brazil, Colombia and Peru** between late 2016 and 2025, a 57% increase in supply.[3]

Greater emphasis is being placed on overall well-being and local experiences during travel. Spend reduction also remains a priority, using lower class properties, online booking tools and video conferencing.



[3] Impact of Economic Transformation on Latin America's Lodging Industry
Forecasted rates are indicated in USD and might have different values when translated to local currencies.



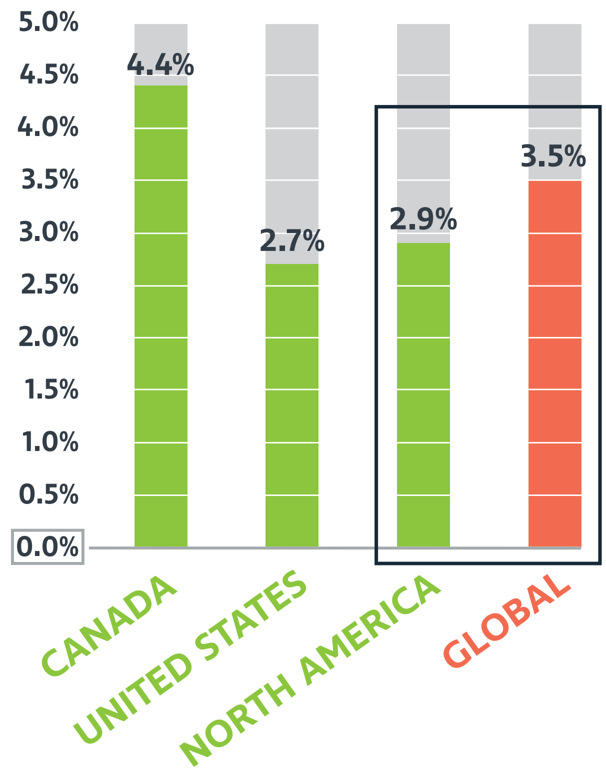
North America

Hoteliers may be **banking on economic growth as demand has leveled off** since mid-summer 2016, yet supply is expected to continue growing steadily through 2018. The West Coast slowed but still showed some mid- to high-single-digit growth while the East Coast remained flat, especially in **New York City** at -0.5% and in **Boston** at 2-3%. Canadian cities were higher with Toronto at 4-5% and **Montreal** at 3.4%. With international travel projected to grow 4% in 2017 and 2018, U.S. hotel growth is expected primarily in secondary markets along with the West Coast and in **Washington D.C.** While **Alberta** will struggle until oil prices further improve, **Toronto, Vancouver, and Montreal** are expected to maintain good pricing power amid a weak Canadian dollar.

A potentially growing concern is some hoteliers' implementation of a 48-hour cancellation policy for non-negotiated rates. Buyers should review cancellation terms carefully and negotiate 24-hour or same-day cancellation policies as necessary, which could be an opportunity to improve traveler compliance. In addition, as recent *CWT Solutions Group* analysis indicates last-room availability, or LRA, rates have been overvalued in many cities, buyers should consider utilizing a higher percentage of non-last-room availability, or NLRA, rates to drive additional savings opportunities.

The region's hotel programs in North America are focused on improving the traveler experience. As hotels work to create brand loyalty via one-on-one traveler relationships, travel managers should **work with hoteliers to create a win-win** that keeps travelers in policy at preferred rates using preferred properties. The supplier pitch for **dynamic rate pricing is expected to be increasingly considered** in 2018 given average participation rates of 2% in 2016 and 5% in the first half of 2017. Buyers should target a blended program with multi-year dynamic rates in low-volume markets and include reasonable rate caps.

2018 HOTEL PRICE PROJECTIONS



Sharing economy accommodations, in reality, have not changed the market much as safety and security concerns remain and traveler "fit" is hit and miss.

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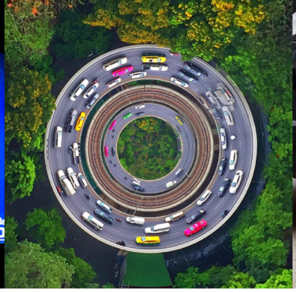


Global Ground Transportation

Ground pricing is expected to increase moderately

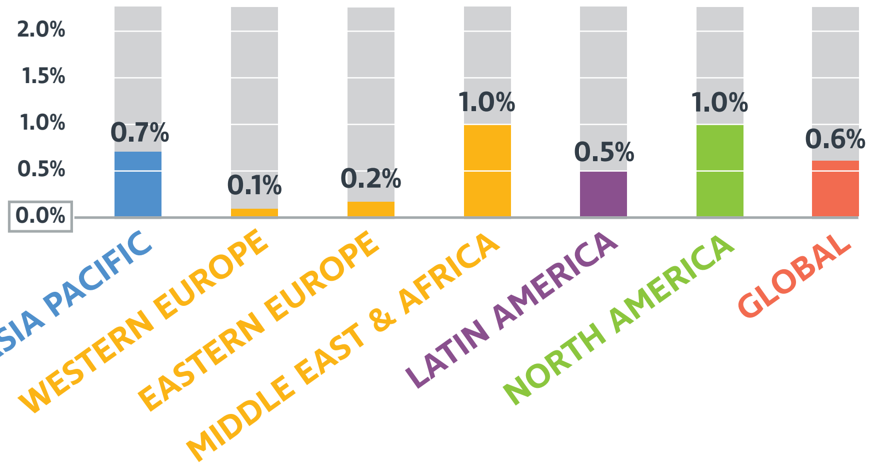
Corporate travel buyers should budget for a slight price hike in 2018 as the global car rental industry improves. Market growth is estimated at a compound annual growth rate of 5.5% from 2017–2022, as fueled by a broader economic recovery and related increased corporate travel and tourism. As demand improves, **rental car companies shift from a simple market-share focus toward profitability** goals. Market dynamics beyond travel are also squeezing rental car company economics on both sides. Industry experts predict record new car sales over the next five years, pushing up per unit fleet costs, while used car pricing is expected to fall 50% during the same period. This will severely impact residual value for used rental cars and make current rental car pricing unsustainable.

Market-specific regulations for curbing emissions, along with rising oil prices are likely to impact the well-being of ground transportation suppliers. **With lower emissions requirements in place** in several countries, leading companies are already increasing availability of green, or environmentally friendly, rental cars.

Sharing economy suppliers including Uber, Lyft and others, are expected to continue double digit growth, likely more than 14% in 2017 and upwards of 10% in 2018, before settling down into single-digit growth for 2019. Their growth is most impeded by costly regulations and government bans, which impact their easy-to-use, attractive low rates. After selling its business in China to Chinese competitor Didi Chuxing in late 2016, Uber continues to aggressively compete with Ola in India and appears laser-focused on Latin America and Southeast Asia for international growth. At the same time, Uber continues to diversify with services such as food delivery, ride-sharing and helicopter transportation.

All segments of the ground transportation industry are expected to see further innovation in 2018, including digitization and mobile apps; "green" and autonomous, self-driven vehicles; higher-speed rail options and more.

2018 GROUND PRICE PROJECTIONS



Forecasted rates are indicated in USD and might have different values when translated to local currencies.

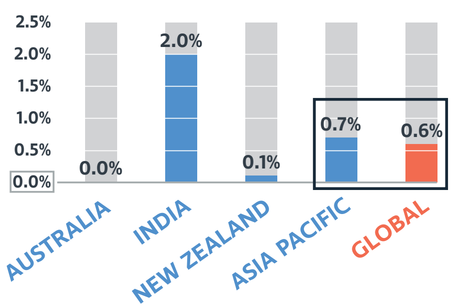
Asia Pacific

The economies of China and India are expected to drive the car rental market in Asia Pacific.

Increased competition in **Australia**, continued uncertainty in mining and slowly improving oil and gas industries will result in flat rates for 2018. Business continues to grow in **China**, with most major car rental and sharing economy suppliers having a presence. Growth in India remains tempered by the required driver that comes with car rentals. Sharing economy suppliers Didi Chuxing in China, Ola in India, and Grab in Southeast Asia have all achieved economies of scale that make them key competitors vs. car rentals, black car service and taxis.

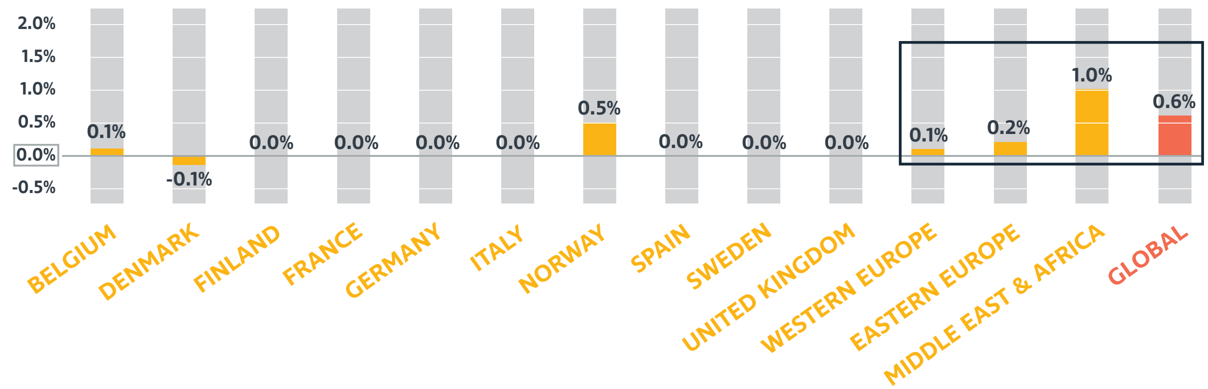
Meanwhile, **Malaysia** and **Singapore** are pushing ahead with a high-speed rail line from Kuala Lumpur to Singapore. Construction started in 2017 but is not expected to be complete until 2026. Estimates suggest the new rail trip will take just 90 minutes compared to: three hours by air when including travel and check-in time to and from the airports; five hours by road; and seven hours by conventional rail.

2018 GROUND PRICE PROJECTIONS



Europe, Middle East & Africa

2018 GROUND PRICE PROJECTIONS



The continued expansion of Enterprise, the re-emergence of Budget, and the continued impact of sharing economy suppliers along with black cars and taxis, are creating downward pricing pressure for 2018. Russia continues to see limited demand, although with the World Cup scheduled for summer 2018, buyers may want to work with suppliers further in advance to ensure their needs are still met. Traditional black car and sharing economy suppliers will be available as well.

Rail continues to be a viable alternative to air travel throughout Europe. Often, travel time differences between a train route and a faster air flight are nullified by time spent commuting to and from airports, check-in and security processes. **South Africa** expects flat to slightly modest increases in ground transportation given its reliance on oil companies.

Peer-to-peer car sharing and ride sharing have had minimal impact. **Sharing economy suppliers have seen success levels vary** as Uber and Lyft have been banned in some markets and restricted from airport access in others as government officials turn their attention to regulating the option to ensure passenger safety and a level playing field for all ground transportation suppliers.

With high competition in Western Europe, including France, Germany and the United Kingdom, rental car companies have not been afraid to aggressively price and pursue market share.

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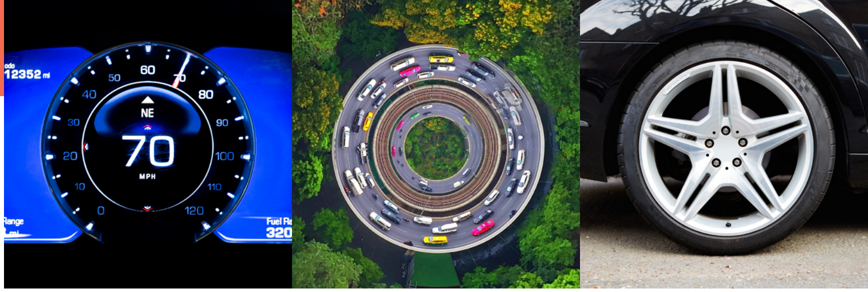


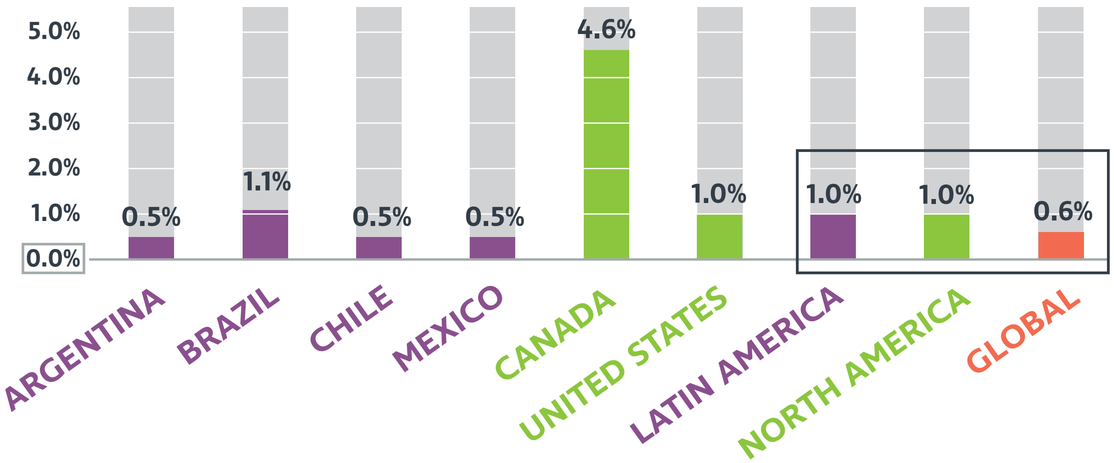
Latin America

Brazil and Mexico are anticipating increased demand for car rentals in 2018 as their economies improve.

Regional car rental company, Localiza, entered into a strategic partnership with Hertz including the purchase of Hertz Brazil in Q4 2016. The move expands Localiza's market share to 11%, leading the market that is still heavily fragmented. Meanwhile, Enterprise expanded in Q2 2017 with new locations in **Belize, Honduras, Mexico, Tortola, Trinidad and Tobago, Turks and Caicos Islands and Uruguay**, as well as eight airports in **Mexico** and a location in **Cancun**. Avis Budget Group continues to expand their presence and regional competitors Easy Taxi and Cabify, a black car service for corporate travelers, remain strong as well. Pricing is expected to stabilize.

Uber is banking on growing its Latin America business especially given its recent departure from the Chinese market. In **Buenos Aires**, Uber and the government are disputing whether Uber is a taxi service and should register as such. In **Bogota** and **Rio de Janeiro**, taxi cab drivers are campaigning against Uber's entry into the market. In **Lima**, a strong, established taxi cab industry is making it difficult for Uber to break in.

2018 GROUND PRICE PROJECTIONS



Quality road infrastructure and limited railways, along with improved income per capita and increased corporate travel, are expected to push up rental car rates even further in North America, the global leader with 44% of the market.

North America

Still a low-margin business, rental car companies have adjusted their mix to include more leisure customers, implemented operational efficiencies through six sigma improvements, and made investments in technology to better manage fleets and improve utilization. While rental car companies are renting cars to Uber and Lyft drivers, the sharing economy suppliers are unwelcome in certain markets. **Texas**, for example, will not allow sharing economy vehicles to operate at airports.

Taxi cabs are also upping their game with a ride-hailing app for taxis. "Curb" is expected to make traditional cabs more competitive with automated cab hailing with the press of a button, optional advanced bookings, automatic e-payment, digital receipts, predictable metered fares and no surge pricing. Passengers may soon experience other taxi upgrades such as tablets with third-party apps as well as a USB charger and Wi-Fi.

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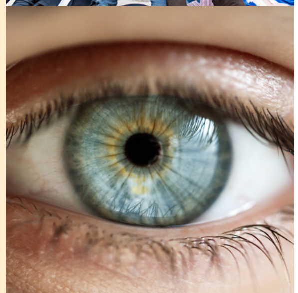
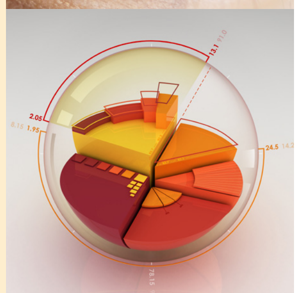
Recommendations

Corporate travel is ever-changing. The most successful programs keep a watchful eye, reevaluating strategy often and adapting as necessary. Consider the following:

Understand your program is sustainable only if you **create a win-win situation** for you and your suppliers. Balance priorities, opportunities and risks to the benefit of all.



The supplier landscape is rapidly changing. Take the time to **stay informed** about supplier activity and how it impacts your program, **maintaining flexibility** to adapt as new risks emerge and markets evolve.



Expand data sources used to evaluate strategy and supplier performance; consider incorporating credit card and expense data to gain additional insight. Also **learn about the per-trip ROI** for travelers.

Test out approaches with certain sub-groups, or traveler segments, before you implement broadly. **Continuously educate travelers** regarding travel nuances and program changes to maximize upside.

Consider a more flexible approach for "highest value" travelers vs. a one-size-fits-all approach. **Relax rules where possible** to improve employee retention.

Recommendations

- **Find and leverage your unique value proposition** as increasing cost pressures from organized labor negotiations and anticipated fuel price increases result in a greater focus on yield for airlines.
- **Be prepared for a shifting landscape** as many carriers change inventory and product offerings.
- **Understand your total global market** footprint and spend as a key factor in negotiations.
- **Focus on policy-based improvements** such as airline cabin class allowances or carrier advanced purchase compliance to help control costs.

- **Travel managers should work with hoteliers** to keep travelers in policy as hotels work to create brand loyalty via one-on-one traveler relationships.
- **Leverage dynamic pricing inclusion based on opportunity.** Utilizing best available rate comparisons, identify your "sweet spot" and negotiate multi-year agreements on the dynamically priced hotels to drive efficiency.
- **Limit the annual RFP process** to the highest value hotels and identify key negotiating levers such as traveler behavior and day of week usage.
- **Develop communication channels** within your organization and continually highlight the benefits of your hotel program to both travelers and the organization more broadly.
- **Monitor your travelers and suppliers after the RFP season**, including hotel utilization outside of preferreds and availability of preferred rates, taking appropriate action as necessary.

- **Be prepared with a strong negotiation strategy** given cost pressures within the rental car industry to raise rates. Knowing your current global patterns, how costs are distributed, and the global market place—including information about strong regional suppliers—will provide leverage.
- **Require preferred suppliers to provide full transactional data** from bookings to gain visibility into how much your organization is being charged in ancillary fees vs. a simple rate assessment, leading to more informed negotiations.
- **Evaluate all ground transportation options**, looking for alternatives to reduce costs and enhance the traveler's experience. Depending on the specifics of a traveler's itinerary, rental car, rail, on-demand, chauffeured service and/or taxis can all offer an appropriate fit.
- **Watch for overcharges on items covered in your contract**. Incorrect refueling, GPS charges and vehicle damage—particularly outside of the U.S.—are common errors that increase total costs.



Methodology

The projections in the 2018 Global Travel Price Forcecast are based on:

- A statistical model, developed by market and economic research firm, Rockport Analytics, that evaluates historical price behavior and forecasts future price references
- The market-specific expertise and travel industry knowledge of CWT and *CWT Solutions Group* personnel worldwide
- Information sourced from Moody's Analytics, the International Monetary Fund Research Department, the United Nations and other leading organizations

Projections were derived based on transaction data from CWT's global client portfolio, including clients' travel footprints and patterns, over the past seven years. Key macroeconomic and per-country indicators, such as current and expected GDP growth, the consumer price index, unemployment rates and crude oil prices, were used in the statistical model, as well as key supply-side drivers sourced from OAG and STR Global. All air statistics represent point of origin and include all trip types (long and short haul/domestic, continental and intercontinental).

About the GBTA Foundation

The GBTA Foundation is the education and research arm of the Global Business Travel Association (GBTA), the world's premier business travel and corporate meetings organization. Collectively, GBTA's 9,000-plus members manage over $345 billion of global business travel and meetings expenditures annually. GBTA provides its network of 21,000 business and government travel and meetings managers, as well as travel service providers, with networking events, news, education & professional development, research, and advocacy. The foundation was established in 1997 to support GBTA's members and the industry as a whole. As the leading education and research foundation in the business travel industry, the GBTA Foundation seeks to fund initiatives to advance the business travel profession. The GBTA Foundation is a 501(c)(3) non-profit organization. For more information, see gbta.org and gbta.org/foundation.

About Carlson Wagonlit Travel

Carlson Wagonlit Travel (CWT) is a global leader specialized in managing business travel and meetings and events. Companies and governments rely on us to keep their people connected. Combining innovative technology with our vast experience, we have multiple divisions to best serve our travelers with a consumer-grade travel experience, including *CWT Meetings & Events, CWT Solutions Group, RoomIt by CWT,* and *CWT Energy, Resources & Marine*. Every day we look after enough travelers to fill almost 200 Boeing 747s and around 100,000 hotel rooms, and handle 95 corporate events. We have more than 18,000 people in nearly 150 countries, and in 2016 posted a total transaction volume of US$23 billion. Please follow us on Twitter @CarlsonWagonlit and LinkedIn.

About the Carlson Family Foundation

This forecast is made possible by the Carlson Family Foundation. Established in 1950, by its founder, Curtis L. Carlson, the Carlson Family Foundation represents the commitment of the Carlson family to give charitably to humanitarian and community affairs. Through investments in education, mentoring, children and youth at risk, youth mentoring, anti-trafficking initiatives, and workforce development programs, the Carlson Family Foundation actively participates in creating strong and healthy communities, and a competitive workforce.

2018 FOREIGN EXCHANGE FORECAST BY COUNTRY YEAR-OVER-YEAR GROWTH vs **UNITED STATES DOLLAR**

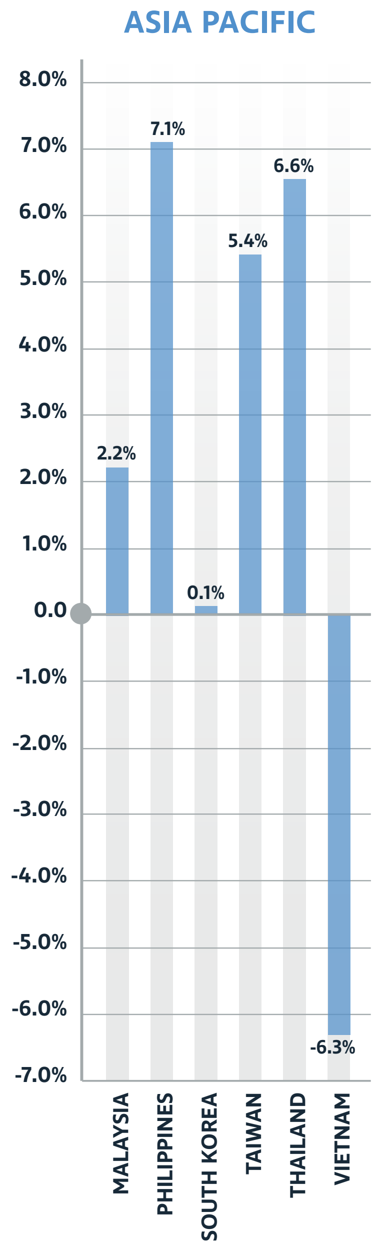
+0.1% TO +2.0%	+2.1% TO +4.0%	+4.1% TO +6.0%	+6.1% TO +8.0%	+8.1% TO +10.0%
+0.1% Romania	+2.1% China	+4.2% Malaysia	+6.7% United Kingdom	+10.0% Norway
+0.1% Saudi Arabia	+2.2% Indonesia	+4.8% Latvia		
+0.1% Azerbaijan	+2.3% Australia	+4.8% Lithuania		
+1.0% South Africa	+2.5% South Korea	+4.8% Spain		
+1.8% Peru	+2.6% Turkey	+4.8% Portugal		
+2.0% India	+2.7% Singapore	+4.8% Netherlands		
+2.0% Chile	+2.9% Philippines	+4.8% Luxumbourg		
	+3.3% Thailand	+4.8% Italy		
	+3.5% New Zealand	+4.8% Ireland		
	+3.6% Canada	+4.8% Greece		
	+3.7% Taiwan	+4.8% Germany		
		+4.8% France		
		+4.8% Finland		
		+4.8% Estonia		
		+4.8% Belgium		
		+4.8% Austria		
		+5.8% Russia		

0% United States Dollar
Colombia | Lebanon | Kuwait | Hong Kong | Bahrain | Croatia

-8.0% TO -6.1%	-6.0% TO -4.1%	-4.0% TO -2.1%	-2.0% TO -0.1%
-8.0 New Zealand	-6.0 Brazil	-4.0 Costa Rica	-2.0 Mexico
-7.8 Nigeria	-5.2 Poland	-4.0 Switzerland	-1.8 Denmark
-7.7 Serbia	-5.1 Sweden		-0.2 Hungary
-7.7 Egypt	-4.3 Japan		-0.1 Bulgaria
-7.7 Morocco			-0.1 Israel
-7.7 Venezuela			-0.1 Qatar
-7.7 Argentina			-0.1 United Arab Emirates
-7.7 Ukraine			
-7.6 Vietnam			

SOURCE: IHS Global Securities, International Monetary Fund, Wells Fargo Securities, Rockport Analytics

ADDITIONAL TRAVEL PRICE DATA | **Asia Pacific airfares**

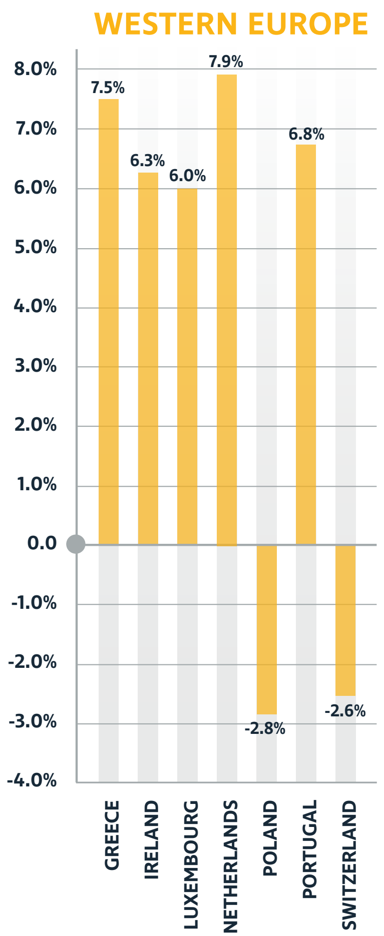


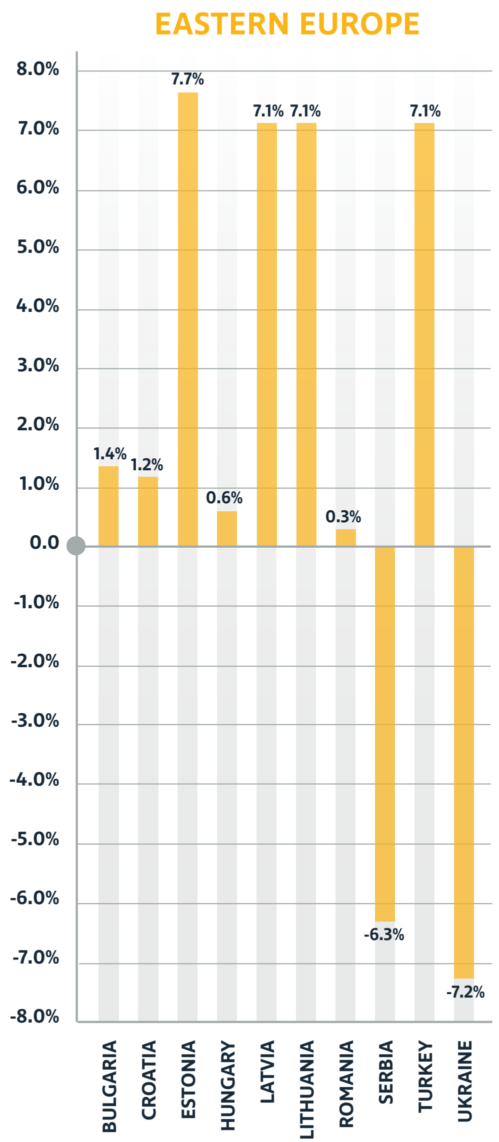
KEY MARKET BY CLASS OF SERVICE

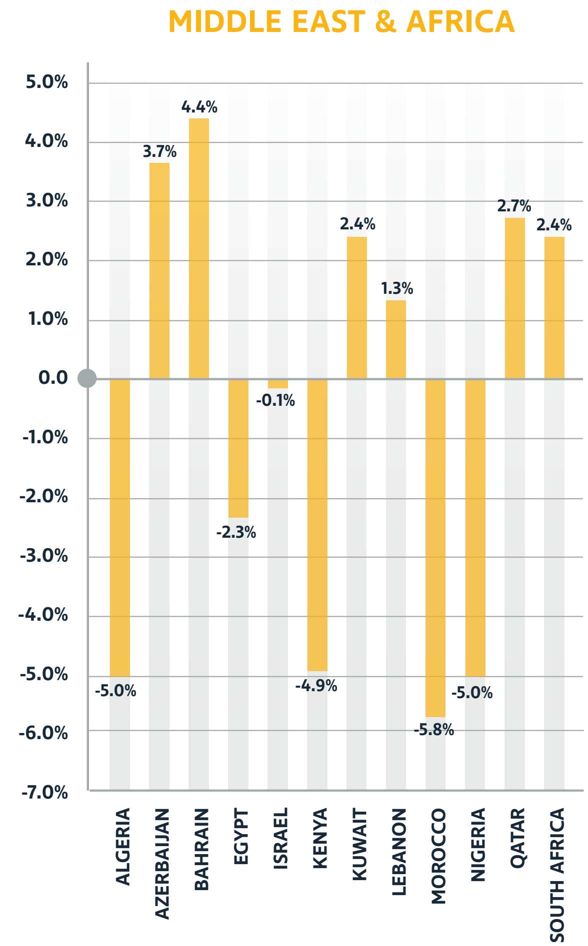
MARKET	BUSINESS			ECONOMY			TOTAL AIR
	Continental	Domestic	Intercontinental	Continental	Domestic	Intercontinental	
AUSTRALIA	3.1%	5.3%	5.5%	7.1%	4.4%	3.7%	5.4%
CHINA	1.1%	2.5%	1.6%	2.1%	4.1%	1.8%	2.6%
HONG KONG	2.3%	N/A	1.9%	1.9%	N/A	1.5%	1.9%
INDIA	6.5%	5.1%	9.7%	8.1%	8.9%	9.9%	8.7%
JAPAN	-3.3%	N/A	-3.3%	-7.8%	-5.3%	-4.3%	-6.3%
SINGAPORE	3.7%	N/A	2.8%	4.6%	N/A	5.1%	3.9%
ASIA PACIFIC	**1.1%**	**3.4%**	**2.4%**	**1.5%**	**3.2%**	**1.7%**	**2.8%**

Forecasted rates are indicated in USD and might have different values when translated to local currencies.

ADDITIONAL TRAVEL PRICE DATA | **Europe, Middle East & Africa airfares**







Forecasted rates are indicated in USD and might have different values when translated to local currencies.

ADDITIONAL TRAVEL PRICE DATA | **Europe, Middle East & Africa airfares**

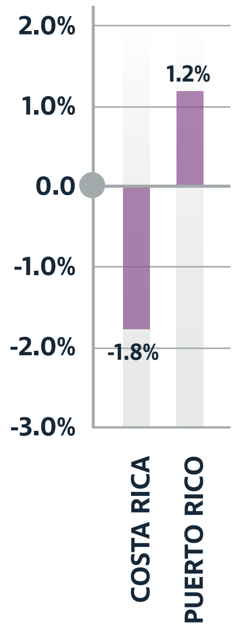
KEY MARKET BY CLASS OF SERVICE

MARKET	BUSINESS			ECONOMY			TOTAL AIR
	Continental	Domestic	Intercontinental	Continental	Domestic	Intercontinental	
BELGIUM	5.2%	N/A	8.6%	7.0%	N/A	7.8%	7.8%
DENMARK	-3.2%	1.0%	-1.1%	-1.7%	-0.2%	-2.6%	-1.7%
FRANCE	7.0%	N/A	8.4%	6.0%	6.9%	6.9%	7.1%
GERMANY	6.3%	4.4%	7.3%	6.6%	8.1%	7.6%	6.7%
ITALY	4.9%	N/A	6.1%	5.6%	7.1%	6.1%	6.0%
NETHERLANDS	6.7%	N/A	7.4%	7.8%	N/A	9.0%	7.9%
SPAIN	6.1%	7.6%	8.7%	7.0%	7.8%	8.0%	8.0%
SWEDEN	-3.6%	-3.2%	-3.8%	-3.4%	-3.1%	-3.3%	-3.6%
SWITZERLAND	-1.9%	-2.7%	-3.1%	-4.3%	-1.3%	-2.3%	-2.6%
UNITED KINGDOM	8.7%	7.1%	7.7%	8.4%	8.3%	8.5%	8.5%
WESTERN EUROPE	**5.1%**	**3.6%**	**5.5%**	**5.1%**	**6.2%**	**5.8%**	**5.5%**
RUSSIA	7.9%	8.2%	8.6%	7.8%	8.0%	8.4%	8.0%
EASTERN EUROPE	**8.1%**	**5.9%**	**7.6%**	**6.3%**	**6.9%**	**8.3%**	**7.1%**
SAUDI ARABIA	N/A	2.3%	0.7%	0.4%	2.0%	-0.4%	0.5%
MIDDLE EAST & AFRICA	**3.0%**	**3.7%**	**2.6%**	**2.2%**	**3.1%**	**1.8%**	**3.0%**

Forecasted rates are indicated in USD and might have different values when translated to local currencies.

ADDITIONAL TRAVEL PRICE DATA | **Latin America airfares**

LATIN AMERICA



LATIN AMERICA - KEY MARKET BY CLASS OF SERVICE

MARKET	BUSINESS			ECONOMY			TOTAL AIR
	Continental	Domestic	Intercontinental	Continental	Domestic	Intercontinental	
ARGENTINA	-1.6%	N/A	-0.1%	-1.8%	0.2%	0.3%	0.2%
BRAZIL	1.1%	-2.8%	-4.0%	-0.9%	-2.2%	-2.7%	-1.9%
CHILE	2.4%	N/A	5.9%	-1.4%	5.8%	5.3%	3.2%
MEXICO	N/A	1.5%	3.0%	2.0%	1.0%	2.0%	1.5%
LATIN AMERICA	**0.6%**	**1.5%**	**-0.5%**	**0.3%**	**0.2%**	**0.3%**	**0.3%**

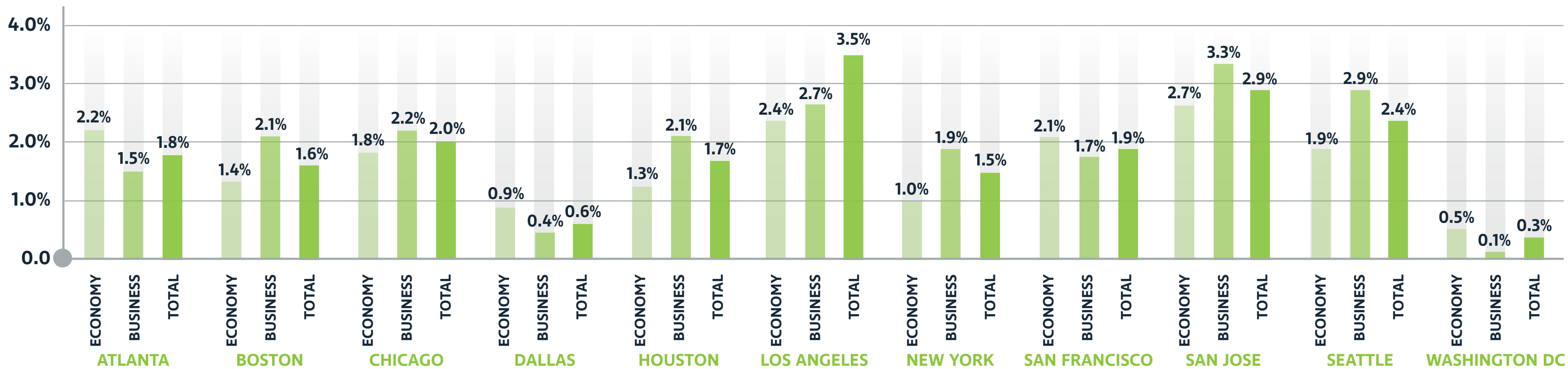
Forecasted rates are indicated in USD and might have different values when translated to local currencies.

ADDITIONAL TRAVEL PRICE DATA | **North America airfares**

NORTH AMERICA - KEY MARKET BY CLASS OF SERVICE

MARKET	BUSINESS			ECONOMY			TOTAL AIR
	Continental	Domestic	Intercontinental	Continental	Domestic	Intercontinental	
CANADA	2.3%	2.5%	3.8%	3.3%	2.5%	3.4%	3.3%
UNITED STATES	1.5%	2.2%	3.1%	2.7%	0.9%	1.8%	2.3%
NORTH AMERICA	**2.1%**	**2.3%**	**3.3%**	**2.9%**	**1.4%**	**2.2%**	**2.3%**

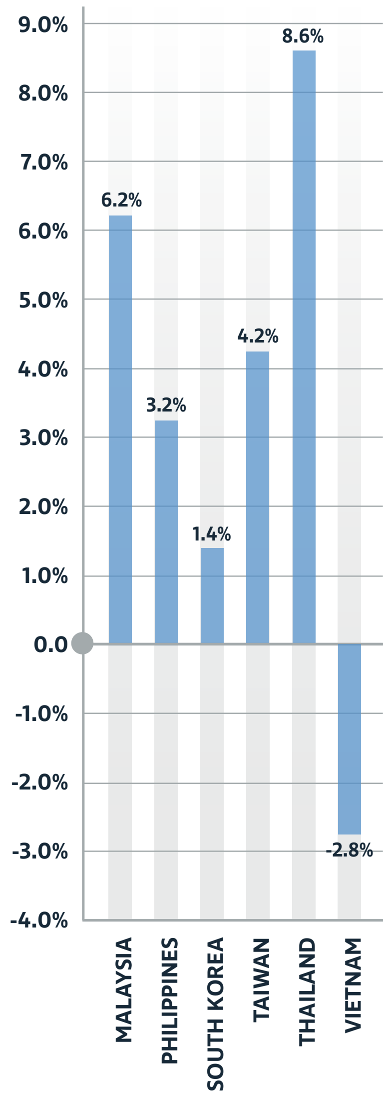
UNITED STATES METRO MARKET FORECAST



Forecasted rates are indicated in USD and might have different values when translated to local currencies.

ADDITIONAL TRAVEL PRICE DATA | **Asia Pacific hotel rates**

ASIA PACIFIC

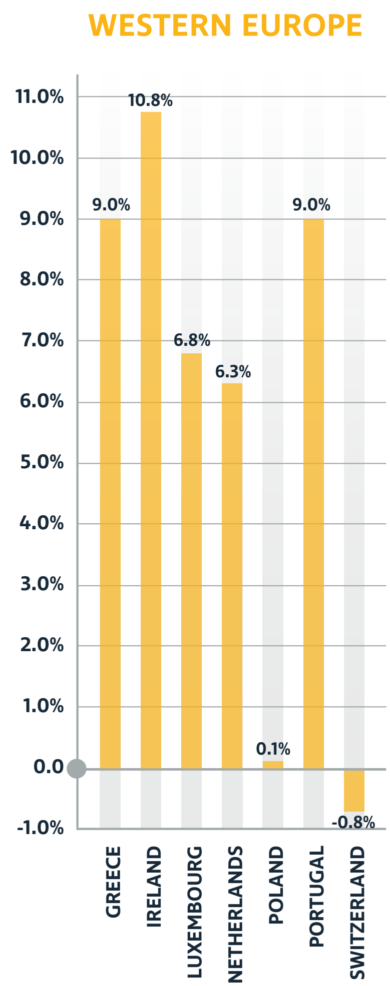


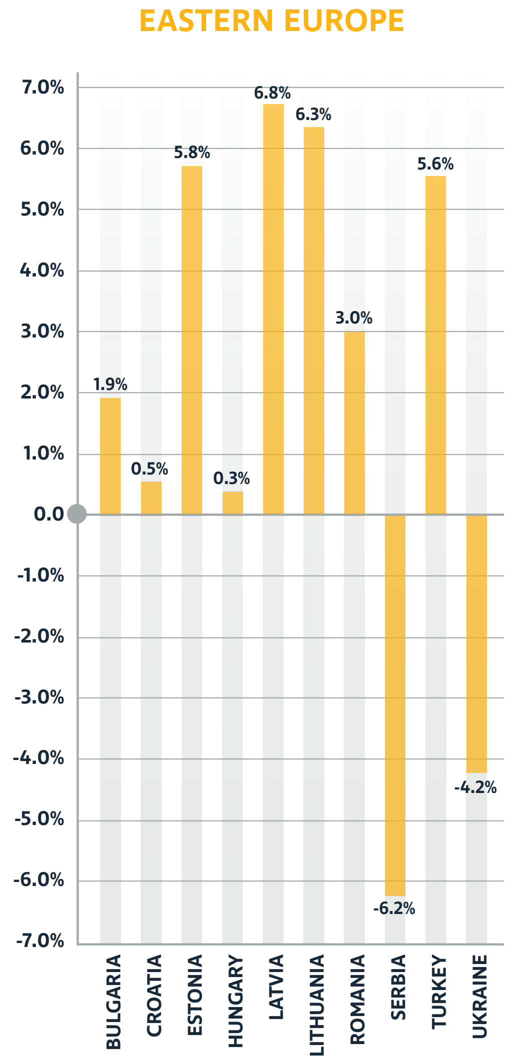
KEY MARKET BY CLASS OF SERVICE

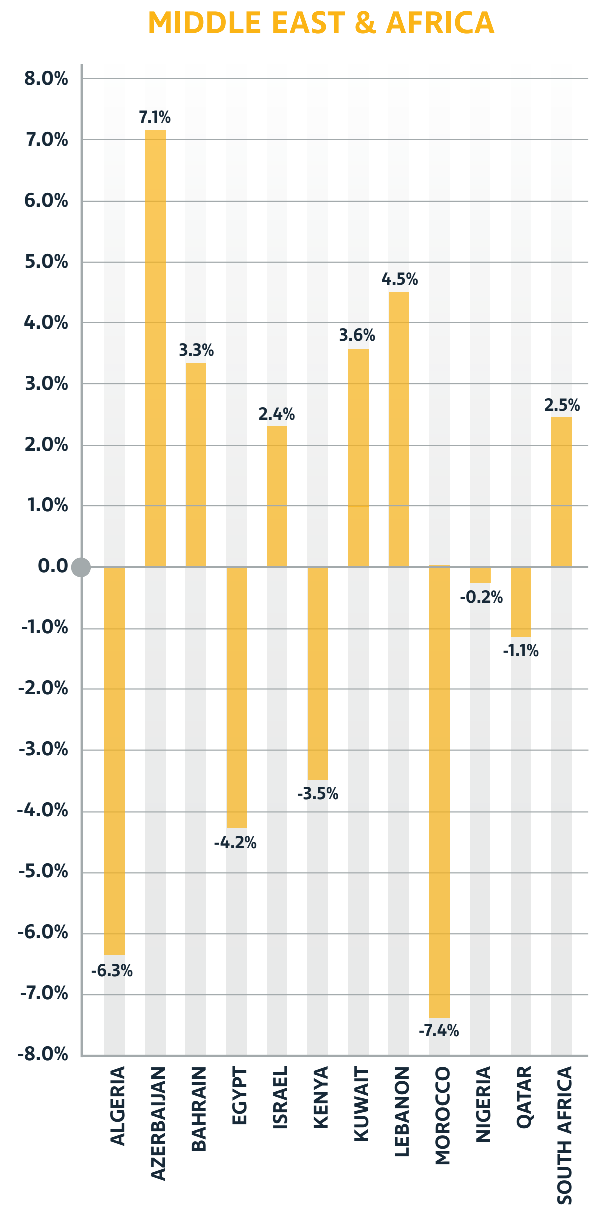
MARKET	MIDSCALE	UPSCALE	TOTAL HOTEL
AUSTRALIA	5.2%	6.1%	5.7%
CHINA	6.2%	5.1%	5.7%
HONG KONG	1.1%	-1.6%	-0.2%
INDIA	3.2%	3.5%	3.3%
JAPAN	-3.3%	-4.3%	-4.1%
SINGAPORE	4.4%	2.8%	3.2%
ASIA PACIFIC	3.3%	3.8%	3.5%

Forecasted rates are indicated in USD and might have different values when translated to local currencies.

ADDITIONAL TRAVEL PRICE DATA | **Europe, Middle East & Africa hotel rates**







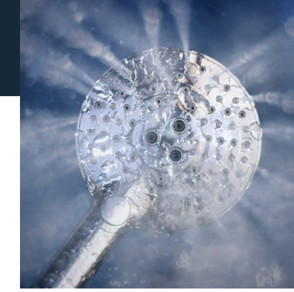
Forecasted rates are indicated in USD and might have different values when translated to local currencies.

ADDITIONAL TRAVEL PRICE DATA | **Europe, Middle East & Africa hotel rates**

KEY MARKET BY CLASS OF SERVICE

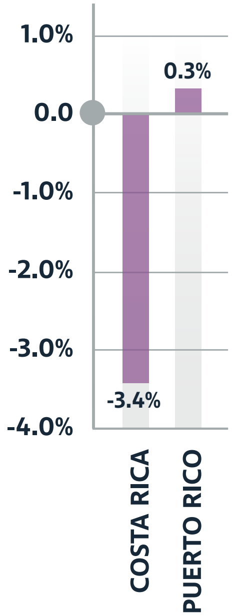
MARKET	MIDSCALE	UPSCALE	TOTAL HOTEL
BELGIUM	5.8%	6.2%	6.0%
FINLAND	9.8%	6.6%	6.2%
FRANCE	5.6%	8.3%	5.3%
GERMANY	9.2%	7.1%	8.3%
ITALY	6.2%	5.9%	6.0%
NETHERLANDS	6.3%	6.3%	6.3%
NORWAY	15.0%	14.8%	14.0%
SPAIN	9.7%	10.3%	10.1%
SWEDEN	-1.7%	-2.0%	-1.8%
UNITED KINGDOM	8.2%	10.7%	9.5%
WESTERN EUROPE	**6.2%**	**6.5%**	**6.4%**
RUSSIA	13.6%	10.8%	11.9%
EASTERN EUROPE	**6.8%**	**6.5%**	**6.6%**
SAUDI ARABIA	1.1%	0.1%	0.6%
UNITED ARAB EMIRATES	-2.1%	-1.1%	-1.6%
MIDDLE EAST & AFRICA	**0.7%**	**0.5%**	**0.6%**

Forecasted rates are indicated in USD and might have different values when translated to local currencies.



ADDITIONAL TRAVEL PRICE DATA | **Americas hotel rates**

LATIN AMERICA - TOTAL HOTEL



LATIN AMERICA - KEY MARKET BY CLASS OF SERVICE

MARKET	MIDSCALE	UPSCALE	TOTAL HOTEL
ARGENTINA	-3.2%	-2.2%	-2.7%
BRAZIL	-9.5%	-8.8%	-8.7%
CHILE	4.9%	6.0%	5.5%
MEXICO	1.0%	3.0%	1.5%
LATIN AMERICA	**-1.8%**	**-0.4%**	**-1.2%**

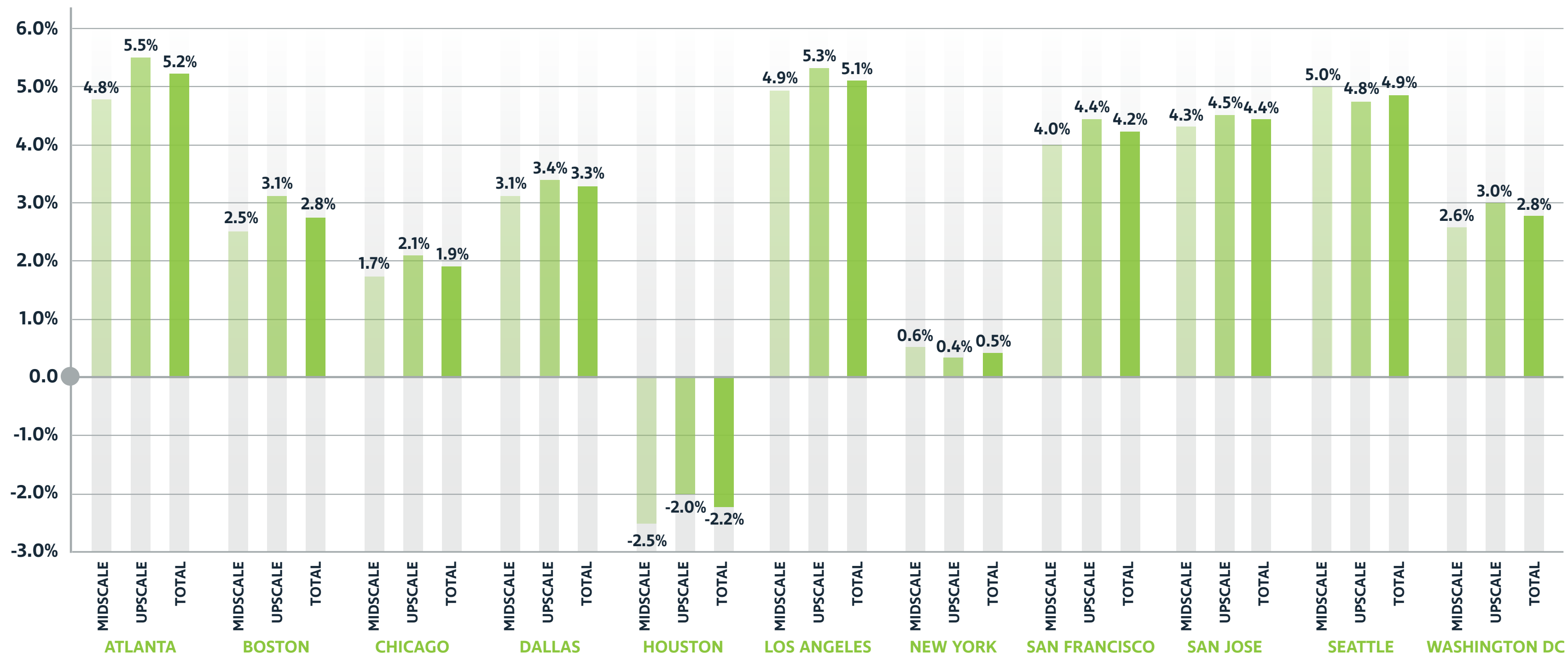
NORTH AMERICA - KEY MARKET BY CLASS OF SERVICE

MARKET	MIDSCALE	UPSCALE	TOTAL HOTEL
CANADA	4.1%	4.6%	4.4%
UNITED STATES	2.5%	2.8%	2.7%
NORTH AMERICA	**2.4%**	**2.7%**	**2.9%**

Forecasted rates are indicated in USD and might have different values when translated to local currencies.

ADDITIONAL TRAVEL PRICE DATA | **Americas hotel rates**

UNITED STATES METRO MARKET FORECAST



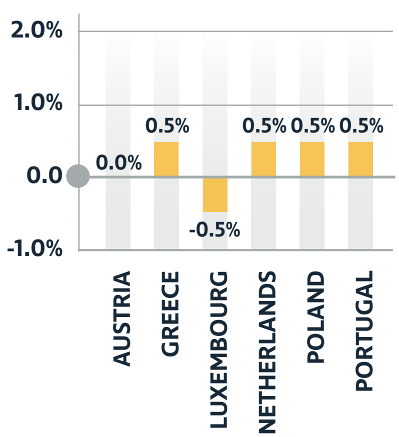
Forecasted rates are indicated in USD and might have different values when translated to local currencies.

ADDITIONAL TRAVEL PRICE DATA | **Asia Pacific, Europe, Middle East & Africa ground rates**

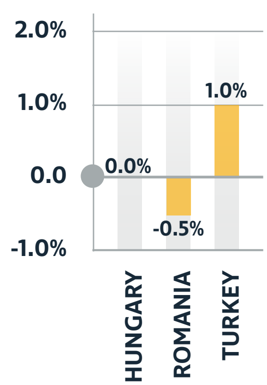
KEY MARKET BY CLASS OF SERVICE

MARKET	MIDSIZE	FULL SIZE	TOTAL CAR
AUSTRALIA	0.1%	0.1%	0.0%
INDIA	1.0%	NA	0.1%
NEW ZEALAND	0.1%	0.1%	0.1%
ASIA PACIFIC	**0.7%**	**0.7%**	**0.7%**

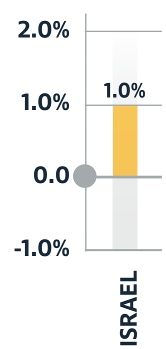
WESTERN EUROPE



EASTERN EUROPE



MIDDLE EAST & AFRICA



KEY MARKET BY CLASS OF SERVICE

MARKET	MIDSIZE	FULL SIZE	TOTAL CAR
BELGIUM	0.1%	0.1%	0.1%
FRANCE	0.0%	0.0%	0.0%
GERMANY	0.0%	0.0%	0.0%
ITALY	0.0%	0.0%	0.0%
SPAIN	0.0%	0.0%	0.0%
SWEDEN	0.0%	0.0%	0.0%
SWITZERLAND	-0.5%	-0.5%	-0.5%
UNITED KINGDOM	0.0%	0.0%	0.0%
WESTERN EUROPE	**5.2%**	**5.1%**	**0.1%**
SOUTH AFRICA	0.5%	0.5%	1.0%
MIDDLE EAST & AFRICA	**1.2%**	**1.6%**	**1.0%**

Forecasted rates are indicated in USD and might have different values when translated to local currencies.

ADDITIONAL TRAVEL PRICE DATA | **Americas ground rates**

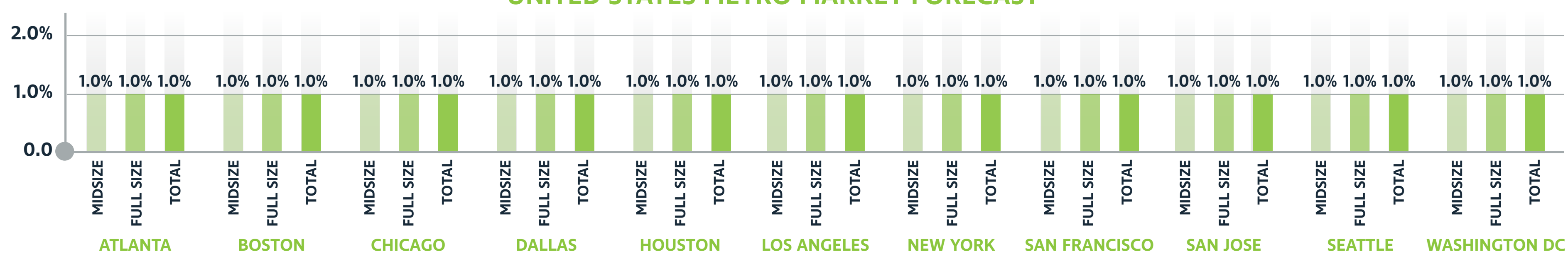
LATIN AMERICA - KEY MARKET BY CLASS OF SERVICE

MARKET	MIDSIZE	FULL SIZE	TOTAL CAR
BRAZIL	1.0%	1.1%	1.0%
LATIN AMERICA	**1.0%**	**1.1%**	**1.0%**

NORTH AMERICA - KEY MARKET BY CLASS OF SERVICE

MARKET	MIDSIZE	FULL SIZE	TOTAL CAR
CANADA	4.6%	4.6%	4.6%
UNITED STATES	1.0%	1.0%	1.0%
NORTH AMERICA	**1.0%**	**1.0%**	**1.0%**

UNITED STATES METRO MARKET FORECAST



Forecasted rates are indicated in USD and might have different values when translated to local currencies.