PUERTO RICO CREDIT CONFERENCE 2013

PUERTO RICO TOURISM COMPANY

Ingrid I. Rivera Rocafort

Executive Director

May 17th, 2013

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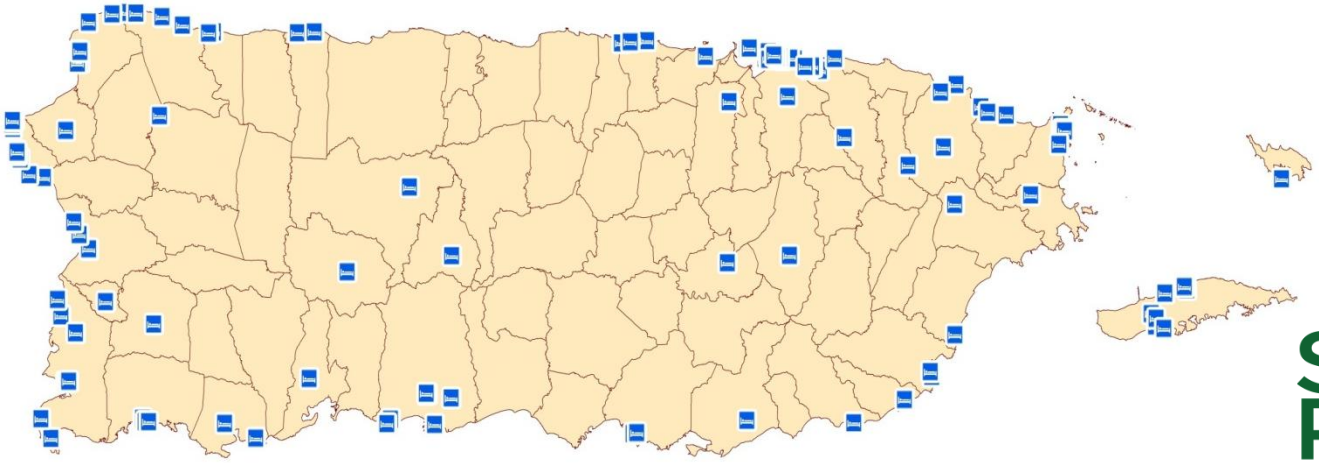
PUERTO RICO TOURISM COMPANY

Tourism at a Glance:

- 6.2% Gross National Product
- 53,558 jobs
  - 13,492 jobs in hotel industry
- 28% increase in hotel registrations in ten years
- 35% increase in visitors' expenditures in ten years
  - From $569/person to $768/person



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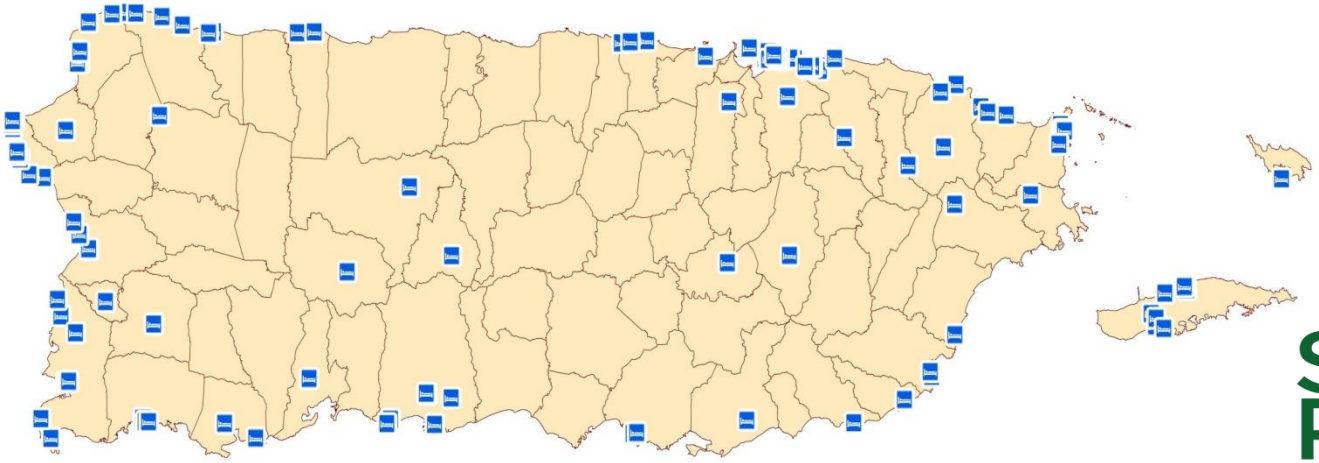
Tourism at a Glance:

•14,271 endorsed rooms.

- 1,127 new hotel rooms in operation or under construction during FY 2012-13.
- Puerto Rico is the leader in rooms under construction in the Caribbean.

•Over 60 lodging projects in various stages of development (design, permitting, financing, construction).



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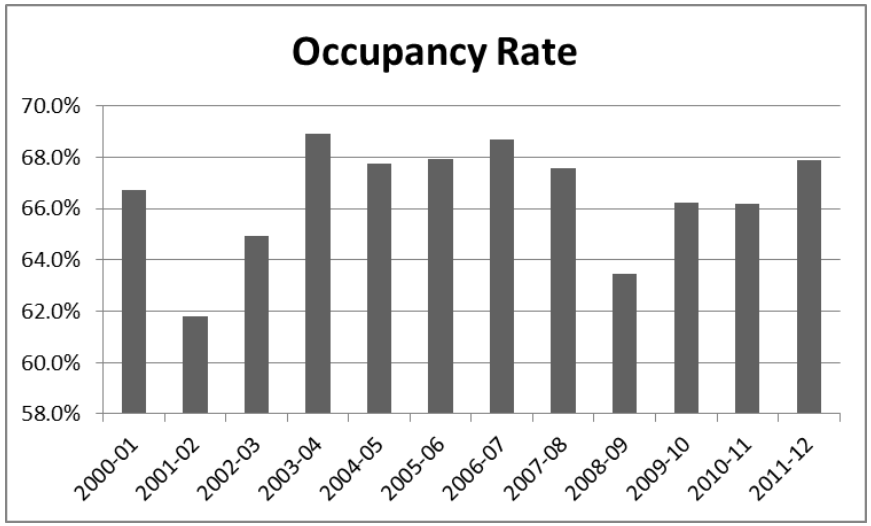

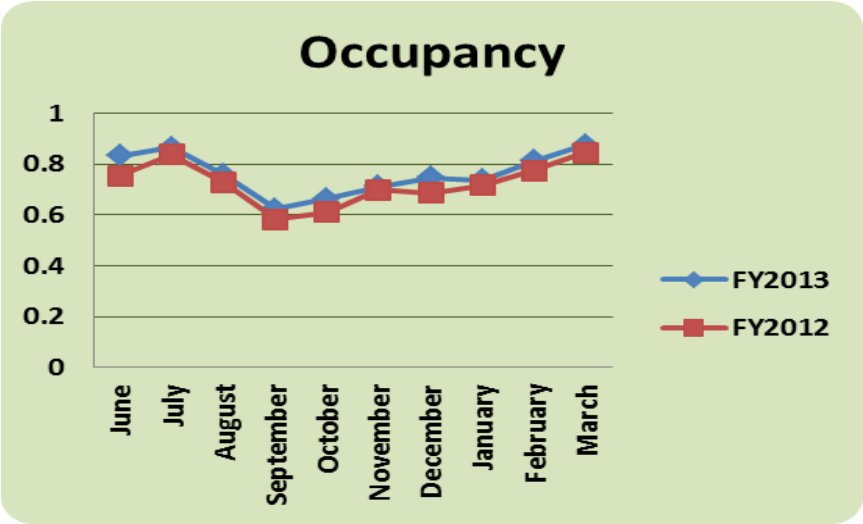

Tourism at a Glance (Occupancy):

- Average Occupancy Rate 2011: **66.8%**
- Average Occupancy Rate 2012: **69.5%**
- Average Occupancy Rate 2013 (January-March 2013): **80.9%**

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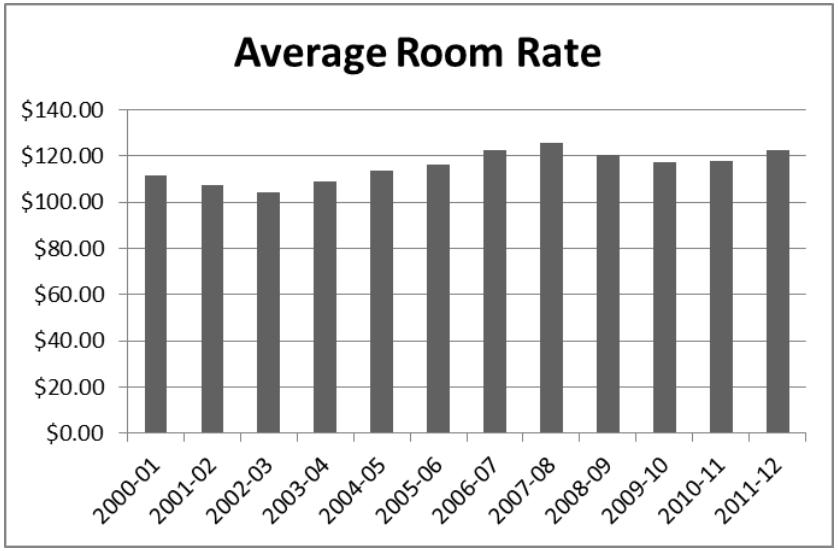

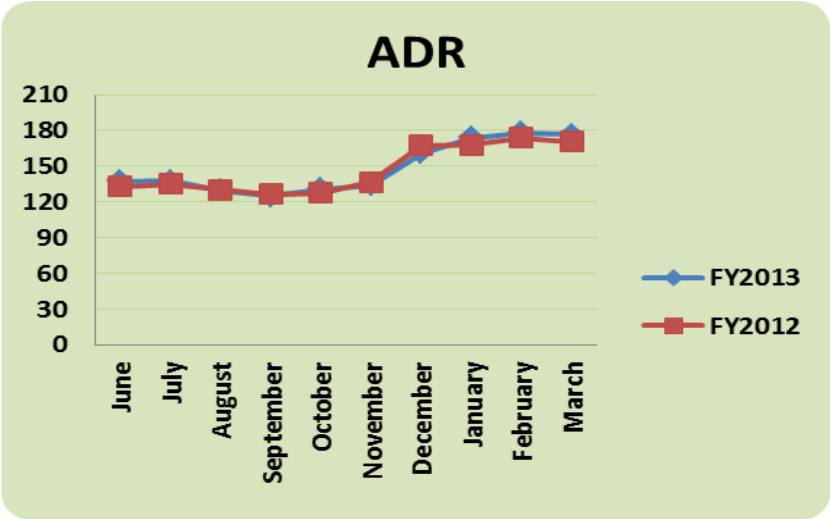

Tourism at a Glance (ADR):

- Average Room Rate 2011: **$120.90**
- Average Room Rate 2012: **$127.11**
- Average Room Rate 2013 (January-March): **$176.07**
  - Average room rate during high season of luxury lodgings: **$634.45**

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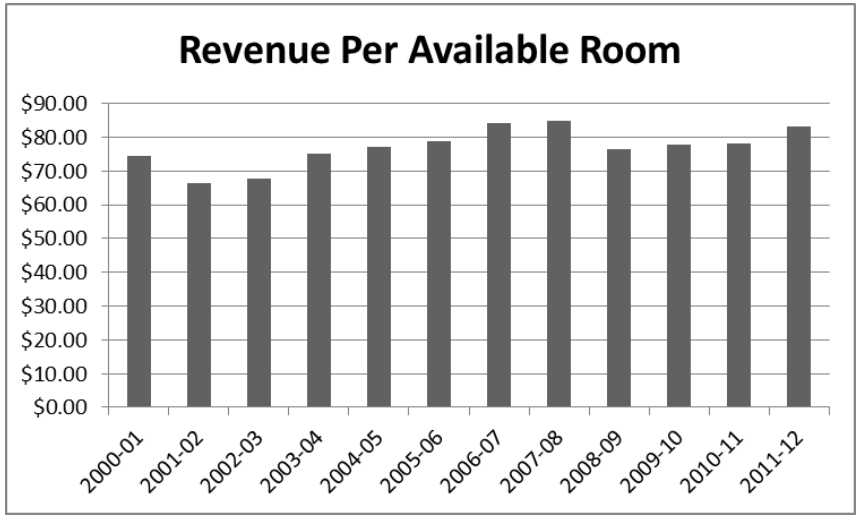

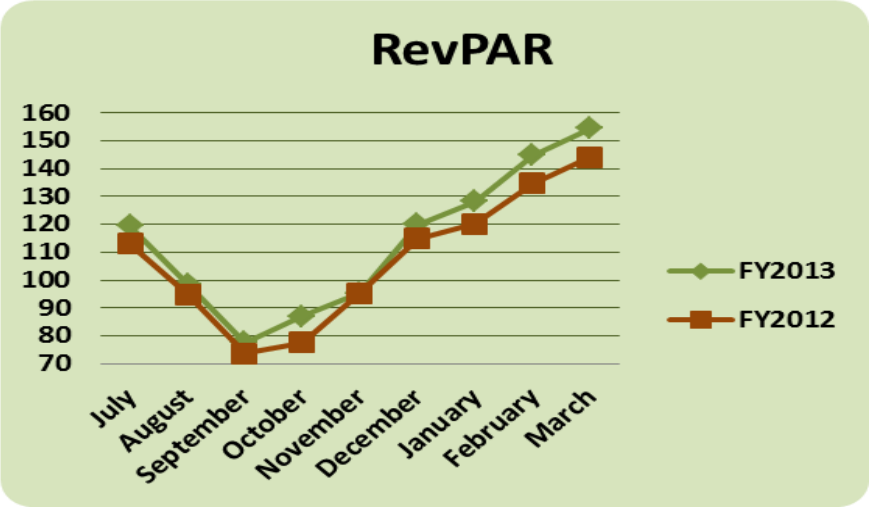

Tourism at a Glance (RevPar):

- Revenue Per Average Room 2011: **$78.10**
- Revenue Per Average Room 2012: **$83.27**
- Revenue Per Average Room 2013 (July 2012-March 2013): **$112.94**

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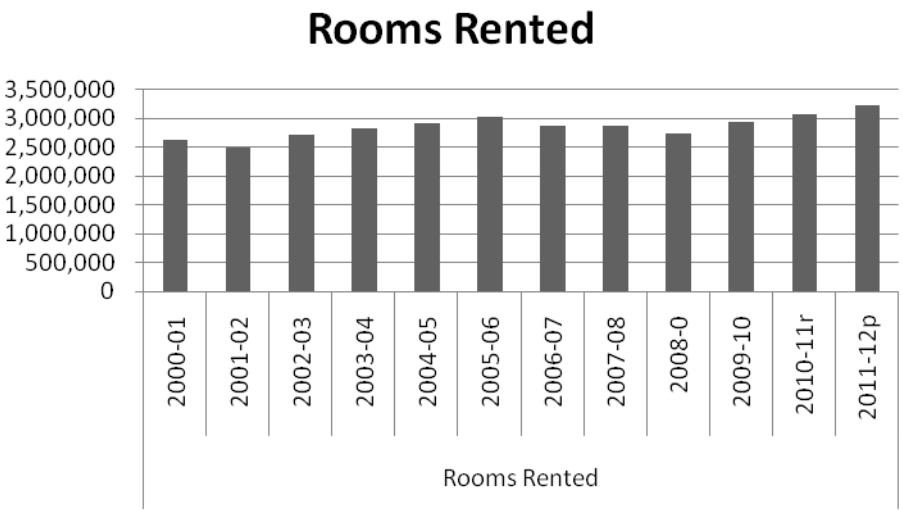
Tourism at a Glance (Room Nights):

- Room Nights FY 2011: **3,080,580**
- Room Nights FY 2012: **3,240,713**
- Room Nights FY 2013 (projected): **3,402,748**



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Tourism at a Glance (Visitor Expenditure):

- Visitor Expenditure 2011-12: **$3.19B**
- Visitor Expenditure 2012-13: **$3.25B**
- Visitor Expenditure 2013-14: **$3.33B** (projected)

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8 Puerto Rico Hoy: Expectativas económicas

EL NUEVO DÍA
MIÉRCOLES, 1 DE MAYO DE 2013

Apuestan a la industria y al turismo

La Junta de Planificación proyecta un débil crecimiento de 0.2%

POR ANTONIO R. GÓMEZ
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LAS ESPERANZAS gubernamentales para un crecimiento de la economía de Puerto Rico durante el próximo año fiscal 2013-2014 están en las industrias locales de construcción y turismo, y en la recuperación esperada en las economías, tanto de Estados Unidos como en el resto del mundo.

La Junta de Planificación (JP) proyecta un débil crecimiento de 0.2% para dicho año fiscal, para lo que se necesitará, además, que los precios de petróleo mantengan su tendencia a la baja y que los intereses se mantengan también bajos.

Ese crecimiento proyectado sigue a una reducción esperada en la actividad económica para el año fiscal en curso que la JP estimó en -0.4%.

Luis García Pelatti, presidente de la Junta, presentó ayer ante las comisiones de Hacienda de Cámara y Senado las proyecciones para el año fiscal vigente y para el próximo, con las que se debe justificar el presupuesto propuesto por el gobernador Alejandro García Padilla.

DOS ESCENARIOS

"Dada la incertidumbre que existe en los pronósticos económicos, la Junta de Planificación produce dos escenarios alternos al escenario base. Estos son el optimista y el pesimista", recordó García Pelatti a los legisladores.

"En el escenario optimista se estima un crecimiento mayor y en el escenario pesimista uno menor.

El crecimiento optimista real esperado para el Producto Bruto en el año fiscal 2013 (el vigente) es de 0.9% y 2.2% para el año fiscal 2014.

En el escenario pesimista la proyección fue de -1.8% para ambos años", explicó.

La proyección base, de un débil crecimiento de 0.2%, asume que la construcción experimentará un crecimiento de 4.9% en el próximo año fiscal, impulsada por "una fuerte inyección de fondos públicos en obras de infraestructura, la expansión en la construcción del tren de San Juan a Caguas, modernización de escuelas y la continuidad de proyectos en agenda del sector privado, entre otros", adelantó García Pelatti.

AUMENTO EN GASTOS

Por el lado del turismo, García Pelatti informó que la JP proyecta gastos de los visitantes por $3,331 millones, lo que superaría por 2.4% el gasto proyectado para el presente año, que superó a su vez los del año fiscal pasado por 1.9%

Otros renglones para los que la Junta de Planificación proyecta crecimiento el próximo año fiscal es la inversión en maquinaria y equipo (3.0%), la exportación de mercancías (1.2%) y el gasto de consumo personal (3.0%).

Reconoce por otro lado la JP que habrá una reducción en la transferencia de fondos federales a la Isla como resultado del cese del programa American Recovery and Reinvestment Act (ARRA) y el "secuestro fiscal" del presupuesto federal.

"Las perspectivas para las transferencias federales a las personas son $15,412 millones para el año fiscal 2013 y $15,042 millones para el fiscal 2014, representando reducciones de -1.2% y -2.4%, respectivamente", sostuvo García Pelatti.

MELBA ACOSTA, secretaria de Hacienda, y Luis García Pelatti, presidente de la Junta de Planificación.

Crecimiento esperado

3% en maquinaria y equipo

1.2% en la exportación de mercancías

3% en el gasto de consumo personal

No va la reforma

Por Antonio R. Gómez
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La secretaria de Hacienda, Melba Acosta, confirmó que la segunda etapa de la reforma contributiva que aprobó la pasada administración gubernamental quedó pospuesta porque no cumplirse los tres requisitos legislados para su vigencia.

Acosta recordó que la ley dispone que el Departamento de Hacienda, la Oficina de Gerencia y Presupuesto y la Junta de Planificación deben emitir certificaciones de "responsabilidad fiscal".

Estas certificaciones significan que los ingresos del Fondo General superaron los $9 mil 200 millones, que el gasto público con cargo al Fondo General no rebasa el 95% de dichos ingresos, y que la actividad económica creció el año anterior en al menos 1.2%.

"Si esas tres pruebas se dan entra la segunda etapa. Si esas tres pruebas no se dan, no es que se elimina la segunda etapa de la reforma contributiva, es que se pospone hasta que se den", explicó Acosta.

"En este presupuesto, si se dan los recaudos como esperamos, puede que se dé la primera, la de recaudos. Obviamente hay que ver el tema de los gastos y hay que ver el tema del crecimiento económico, que el proyectado para el año que viene no contempla que se cumpla (el requisito)", abundó la funcionaria.

No descartó, sin embargo, que esa segunda etapa de la reforma pueda ponerse en vigor más adelante en el cuatrienio.

Puerto Rico's Economy:

- 0.2% projected growth for fiscal year 2014.
- Tourism will be an important economic driver.

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Core Strategies:

- The Puerto Rico Brand Initiative
- Air and Sea Access
- Product Development
- Product quality and tourism education and awareness
- Capitalize on Puerto Rico's diversity to develop new niches and trends

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Core Strategy: The Puerto Rico Brand Initiative

- First ever branding campaign for Puerto Rico
- Positioning of Puerto Rico as a place to invest, live, visit and study
- Builds image and consistency of message for the long term
- Under the Dept. of Economic Development and Commerce umbrella for critical mass and to leverage the message

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Core Strategy: Air and Sea Access-Beyond the Northeast

- LATAM: the new economic frontier
  - Avianca: new route SJU-Bogotá on 7/17/2013
    - New routes from Argentina, Brazil, Venezuela, and Colombia
  - COPA: frequency increase
  - GOL Brazil: under negotiation
- The Caribbean
  - Seaborne Air, LIAT, and Cape Air: replacing American Eagle routes
  - Jet Blue expanding in the D.R.
- United States:
  - New routes: JetBlue, United, Delta
  - Southwest Airlines: Midwest and West Coast markets

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Core Strategies: Air and Sea Access

- Royal Caribbean
  - Jewel of the Seas: Home-port during the 2013-2014 Summer season
- Disney Cruises
  - Home-port September and October 2014
- Princess Cruises: returns to Puerto Rico Summer 2014
- Carnival: new homeport trips on the Carnival Splendour, Winter 2014-2015
- Overhaul of Cruiseship financial incentives
  - Extension until 2018
  - Approximately $5.5MM in incentives

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Core Strategy: Product Development

- Integration of tourism supply chain to enhance tourist experience
  - Hotels, condohotels, timeshare, att ractions, museums, natural resources, marinas etc.

•Aggressive Incentives Program for Tourism Product Development

  - Tax Credits and Exemptions
  - Government assisted financing
  - Government assistance for permits and entitlements
  - Tax Incentives for International Financial Entities

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Core Strategy: Product Development

- Government Assisted Financing
  - Hotel Development Corporation (HDC)
    - A subsidiary of the PR Tourism Company
    - Participation as a junior lender or preferred investor
  - Economic Development Bank for Puerto Rico (EDB)
    - Puerto Rico's small business bank
    - Up to $7MM for hospitality projects
    - Guaranty or co-participation from the Hotel Development Corporation
    - Under SBA 504 Program total financing could increase up to $15MM
  - Tourism Development Fund (TDF)
    - A subsidiary of the Government Development Bank
    - Participation as part of the capital structure as a junior lender

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Core Strategy: Product quality and tourism education

- Reinforce Quality and Tourism Education
  - Customer Service
  - Emphasis on knowledge of our tourism product and culture
- Tourism entrepreneurship
- Partnerships and collaboration agreements with higher education institutions.

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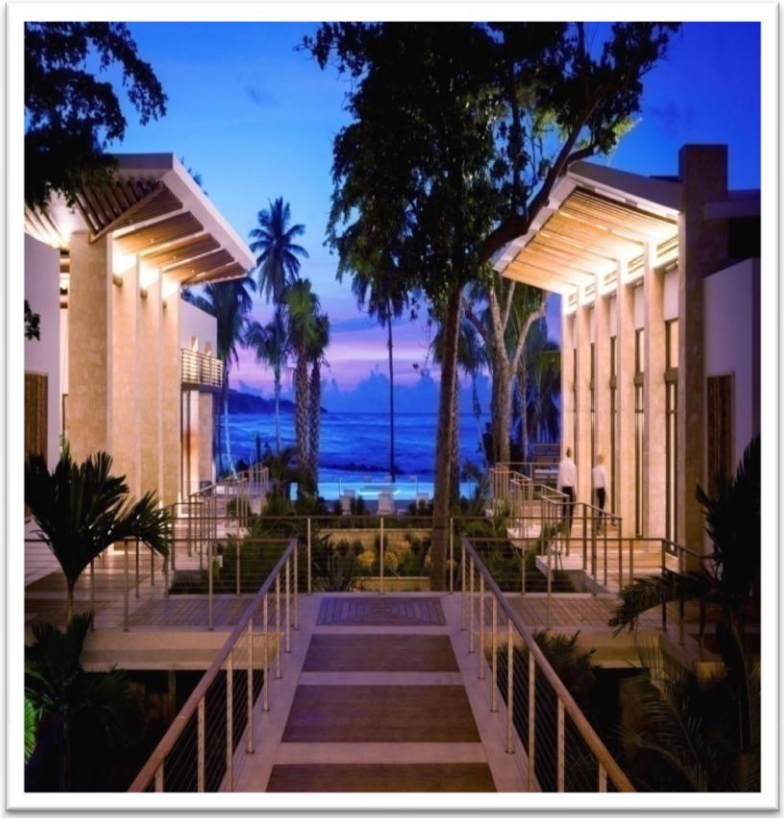
Core Strategy: Capitalize on Puerto Rico's diversity to develop new niches and trends

- Repositioning of Puerto Rico in the luxury market segment
  - Boutique and unique small inns
  - Luxury resorts
    - Ritz Carlton Reserve, Dorado
    - St. Regis, Río Grande
    - W Vieques
    - Important brands under negotiation
- Medical Tourism
- Sports Tourism
- Cultural Tourism
- Gastronomic Tourism



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Projections (January 2013 – June 2017)

- Jobs
  - Construction: 31,344
  - Operation: 1,949
- Hotel Rooms: 20,841
  - +6,570 new rooms
- Hotels: 212
  - +61 hotels
  - Among them:
    - Hyatt Place Bayamón: Dec. 2013
    - Hyatt Place Manatí: Feb. 2014
    - Condado Vanderbilt: June 2014
    - Crowne Plaza at The Mall of San Juan: May 2015

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