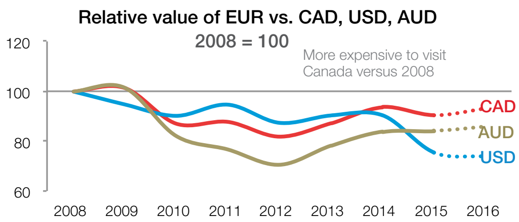
2016-17 MARKET CONDITIONS

Source: Oxford Economics

Germany's economy is expected to continue strengthening, however, uncertainty about "Brexit" and a slowdown in China may prolong Germany's recovery.

The euro is expected to strengthen against the CAD in 2016-17, thus increasing the euro's purchasing power in Canada.

	2016	2017	Trend
GDP	1.7%	1.9%	↑
Consumer spending	1.9%	1.7%	↓
Unemployment	6.2%	6.3%	→
Inflation	0.5%	1.8%	↑



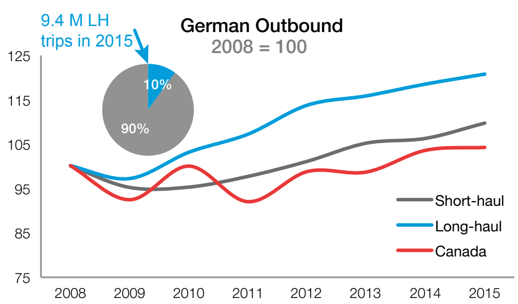
OUTBOUND TRAVEL

Source: Tourism Economics

Germany is primarily a short-haul travel market, with 90% of outbound trips to SH destinations.

Since 2008, Germany's LH travel has grown faster than short-haul travel and German travel to Canada, mainly fuelled by destinations in Asia.

Arrivals to Canada rebounded in 2014 with the help of a stronger euro vs. CAD.



Long-haul destination share	
1. United States	21%
2. Thailand	8%
3. China	6%
4. United Arab Emirates	5%
5. Canada	**4%**
6. Brazil	3%
7. India	3%
8. South Africa	3%
9. Dominican Republic	3%
10. Mexico	3%

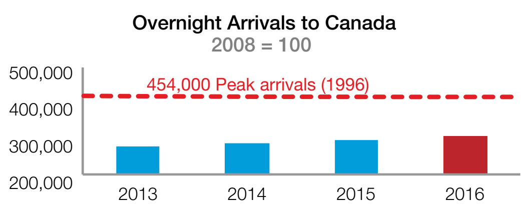
CANADA'S PERFORMANCE AT-A-GLANCE

Source: International Travel Survey, Statistics Canada

Germany was Canada's **4th** largest overseas inbound market in 2015, representing an estimated 6% of Canada's overseas (excl. US) tourist export receipts.

Approximately **315,000** German travellers visited Canada during 2015 generating **$504 million** in **tourist receipts** and supporting **over 3,600 jobs**.

German overnight travel to Canada grew 3.3% in 2015. Arrivals are expected to grow 3.0% in 2016. DC's latest GTW study indicates greater optimism – nearly 40% of German travellers intended to spend more and take more LH trips in the next 2-3 years.



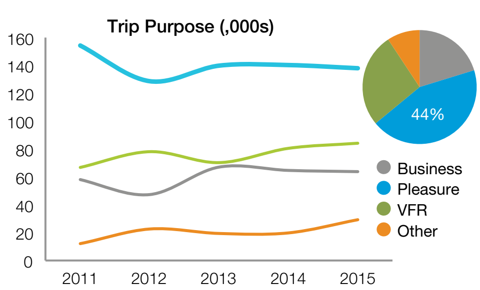
	2014	2015 Est.	2016 Forecast
Arrivals (,000s)	305	315	341
Y/Y %	+ 4.8%	+ 3.3%	+ 3.0%
Receipts ($M)	$ 521	$ 504	$545
Avg. spend per trip	$1,707	$1,599	$1,710

TRAVEL TO CANADA: PLEASURE TRIPS

Source: DC estimates based on ITS data, Statistics Canada

In 2015, approximately 44% of total overnight trips to Canada were for pleasure.

German pleasure trips were almost four nights longer than the average for DC's overseas markets. However, Germans spent 34% less per night resulting in a lower average spend per trip.



Pleasure trips, 2015	DE	Total DC Overseas
Duration (nights)	17.2	13.4
Avg. spend per trip	$2,122	$2,321
Avg. spend per night	$123	$187

CANADIAN DESTINATIONS VISITED, 2015

Source: DC estimates based on ITS, Statistics Canada, 2015

Ontario, BC and Quebec were the top three destinations for Germans visitors in 2015. Alberta was also a major destination during 2015.

	North	BC	AB	MB/SK	ON	QC	Atlantic
Share of visitors[3]	2%	40%	29%	4%	40%	28%	12%
Avg. annual visits (,000s)	5	126	93	13	127	87	37

OVERNIGHT VISITORS BY AGE GROUP, 2014

Source: International Travel Survey, Statistics Canada, 2014

Age Groups	Total	Leisure	Business
<19	7.6%	6.6%	0.0%
20-34	29.1%	24.3%	36.0%
35-44	14.2%	14.1%	23.5%
45-54	20.2%	20.3%	24.3%
55-64	14.2%	18.9%	10.3%
>65	9.4%	9.9%	0.7%
Not Stated	5.3%	5.8%	5.1%
Total	100.0%	100.0%	100.0%

Millenial visitors (aged 20-34 years) account for the largest share of total visitation from Germany at 29%. Millenials are also the largest group of leisure and business visitors, accounting for 24% of leisure trips and 36% of business trips to Canada from Germany.

AIR SERVICE TO CANADA

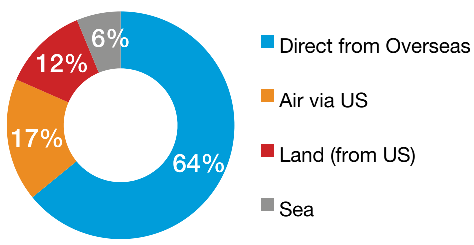
Source: Diio Mi, April 2016

Seat capacity will increase by 5.8% in 2016, following a significant service reduction in 2015 that was primarily due to Air Transat's cancellation of its Germany service as well as Air Canada's cancellation of winter service to Ottawa and equipment down gauge on Calgary.

With the high volume of seat capacity between Germany and Canada, 64% of Germans arrive on a nonstop flight from overseas. About 36% of German visitors enter Canada via the US, including 17% by air and 12% by land.

Traveller routing to Canada, 2015

Source: International Travel Survey, Statistics Canada



	2016 seats (,000s)	Y/Y #	Y/Y %
Total	**1,128.3**	**61.8**	**5.8%**
BC	198.7	15.5	19.4%
AB	112.0	6.8	6.5%
ON	583.7	30.9	5.6%
QC	210.8	8.3	4.1%
YT	4.4	0	--

TRAVEL PLANNING

Role of travel agent	Role of travel agent is declining for trips to Canada → in our 2014 study, 55% of recent visitors to Canada consulted with a travel agent for information or to book versus 67% in our 2012 study
Booking channel for flights	Recent visitors to Canada continue to shift their flight purchases away from travel agents → in our 2014 study, 40% of recent visitors booked their flights through a travel agent, down from 50% in 2012 Travel agent ≈ 40%, Direct with airline ≈ 30%, Retailer online ≈ 25%
Planning timeframe	40% at least 4 months prior, 60% within 3 months of travelling (Source: GTW, 2012)
Booking timeframe	37% at least 4 months prior, 63% within 3 months of travelling (Source: Intervistas, 2015)

TRAVEL TRADE

Key accounts in: Dertour, CANUSA, Meiers Weltreisen, FTI, CRD, TUI

Top products include: Rockies, Wildlife viewing, Niagara Falls, National parks, Vancouver, RVs, Yukon

DEFINITIONS

[1] Long-haul (LH) travel	Travel beyond Europe, North Africa and the Mediterranean
[2] Other Leisure trip to Canada	A trip where the main reason was something other than holiday, vacation, visiting friends and family or business. Common reasons include educational study, personal motives (e.g. wedding, medical), in transit and shopping.
[3] Share of visitors	The share of visitors by province/region will sum to more than 100% because a visitor may visit more than one province or region.