

CONSUMER: Lodging

C. Patrick Scholes
212-319-3915
Patrick.Scholes@truist.com

Gregory J. Miller
212-303-4198
Gregory.J.Miller@truist.com

Alexander Barenklau
212-303-4166
Alexander.Barenklau@truist.com

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Reasons for this report

✓ Our analysis of the most recent weekly China and Europe lodging results

China & Europe hotels: RevPAR -46% y/y (vs. '19: -63%) & +250% y/y (vs.'19: -17%) for wk ending 3/19

Quick take: Per STR for the week ending March 19th, hotel RevPAR in China in local currency was -46.0% y/y vs. -26.6% y/y in the prior week. Last week's RevPAR was up against a +251.9% comparable result in 2021 vs. +254.3% in the prior week. *Versus 2019, which we believe is an equally if not more important KPI, RevPAR was -63.2% vs. -51.4% in the prior week's result. We note the -63.2% performance last week was the worst weekly performance in over a year.*

- **Ongoing lockdowns continue to suppress travel in China.** See Exhibit 1.

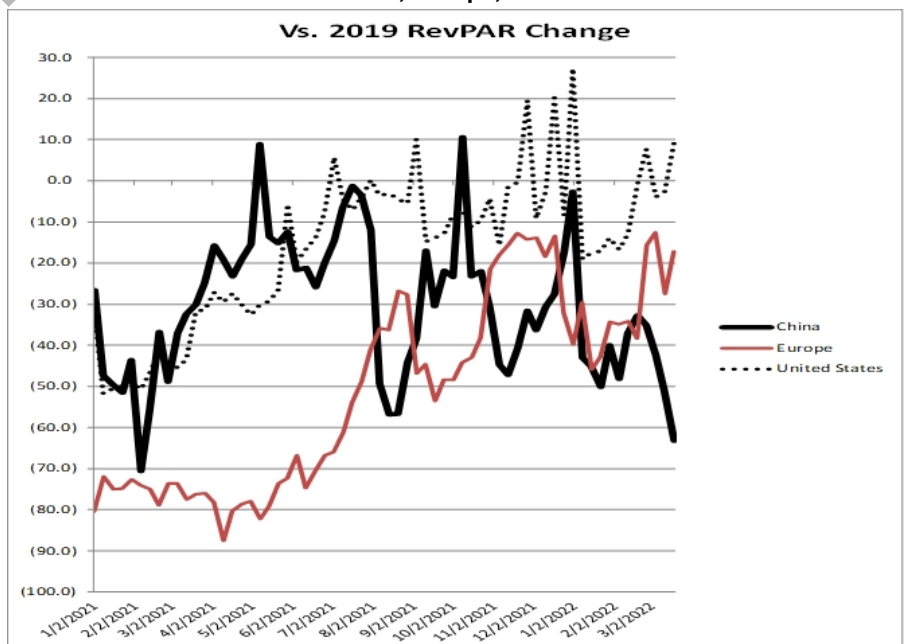
Europe: RevPAR in Europe in Euros was +250.2% y/y vs. +224.1% in the prior week. Last week's RevPAR was up against a +21.9% comparable result in 2021 and -54.9% in the prior week. *Versus 2019, RevPAR was -17.2% vs. the -27.4% in the prior week's result.*

- Not too surprisingly, results from Europe have been very volatile the past several weeks, which we see as due to the combination of countries reopening for travel (a positive) and Russia/Ukraine (a negative). For example, three weeks ago RevPAR vs. 2019 was -12.5%, -27.4% two weeks ago, and -17.2% last week.

U.S.: Overall RevPAR was +58.5% y/y, softer than the prior week's result of +70.1%. Last week's RevPAR was up against a +124.5% comparable result in 2021 vs. -15.8% in the prior week. *On a 3-year run-rate (vs. 2019), RevPAR was +9.5% vs. -2.8% in the prior week's 3-year run-rate.*

- *In short, last week was a very decent week across the board: healthy recovery of midweek Upper Upscale demand, still strong ADR growth for the most part (Upscale less so), resort outperformance, and a slow but progressing recovery in Urban and large group hotels.*

Exhibit 1: 2-Year RevPAR for China, Europe, US



Source: STR, Truist Securities research

RevPAR detail for the week ending March 19th vs. trailing 28 days (see charts at end of note for graphical representations):

China (local currency):

- RevPAR was -46.0% y/y for the week ending March 19th, a **deceleration from** the -17.7% for the trailing 28 days.
- ADR was -8.1% y/y for the week ending March 19th, **worse than the Flat** for the trailing 28 days.
- Occupancy was -41.2% y/y for the week ending March 19th, **below** the -17.7% for the trailing 28 days.

Europe (in Euros):

- RevPAR was +250.2% y/y for the week ending March 19th, an **improvement from** the +232.0% for the trailing 28 days.
- ADR was +58.8% y/y for the week ending March 19th, **higher than** the +54.3% for the trailing 28 days.
- Occupancy was +120.5% y/y for the week ending March 19th, an **improvement from** the +115.2% for the trailing 28 days.

Additional thoughts and observations:

Hotel occupancy observations from the latest weekly STR results from China, Europe, and US:

- **China: Absolute occupancy was 37.6%. By comparison, occupancy was 64.1% during the comparable week last year.**
- **Europe: Absolute occupancy was 57.8%. By comparison, occupancy was 26.2% during the comparable week last year.**
- **US: Absolute occupancy was 66.9%. By comparison, occupancy was 58.8% during the comparable week last year.**

EBITDA and rooms exposure by region:

EBITDA: Hyatt (H, Buy), InterContinental (IHG, NR), and Marriott (MAR, Hold) are among the Lodging C-corps that have the greatest exposure to Europe and Asia. From Europe, MAR generates approximately 15% of EBITDA, IHG 15%, Wyndham (WH, Buy) less than 5%, H roughly 5%, and Hilton (HLT, Hold) 10% each. Of these companies, H and MAR have the greatest exposure to Asia (~10-20% of EBITDA). HLT is approximately 10%. Each of the other companies generates 5% to 10% of EBITDA from the Asia-Pacific region. Following the Apple Leisure Group acquisition, H has a relatively high ~25% exposure to the Americas ex-US/Canada.

- We aim to use the EBITDA breakout as provided by the C-corps that generally reflects a normalized environment based on the existing portfolio.
- In a normalized environment, Greater China inclusive of Macau and Hong Kong generally represents half of the Asia-Pacific EBITDA from the C-corps.
- Due to the material differences in EBITDA recovery and in normal times absolute RevPARs by region, we do not recommend as much focus on the above statistics to model worldwide EBITDA by C-corp at this time. Additionally, some regional data reflects a large domestically-managed, small town market, and lower-ADR base of rooms that does not directly correlate to C-corp results. We include China in this category given somewhat heavier International C-corp exposure to Tier 1-2 markets and the Eastern coastal gateway cities.
- **We are not including large Lodging C-corps with relatively lower-to-no U.S. exposure in our above analysis. Examples include Accor (AC, NR) and Huazhu (HTHT, NR).**

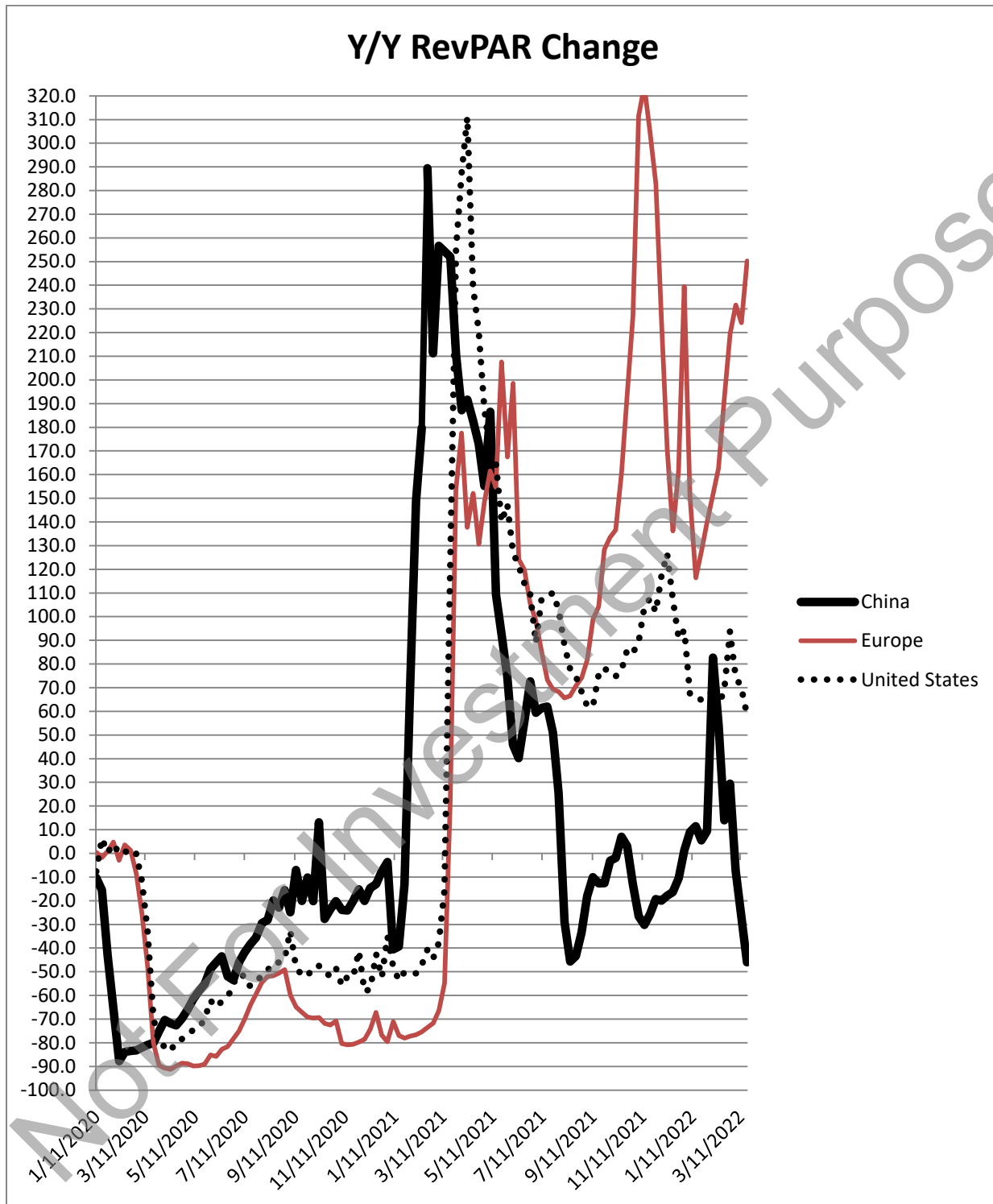
Rooms (as of 4Q21; figures may not round to 100%):

- CHH:
 - Domestic: 79%
 - Asia-Pacific: 4%
 - Europe/Middle East: 9%
 - Latin America & Canada: 8%
- H (includes owned/leased hotels):
 - Americas ex-all inclusives: 57%
 - Asia-Pacific: 18%
 - Europe/Africa/Mid East/SW Asia ex-all inclusives: 12%
 - Americas ALG + Ziva/Zilara: 9%
 - Europe ALG: 4%
- HLT:
 - US: 70%
 - Americas: 6%
 - Europe: 9%
 - Middle East/Africa: 3%
 - Asia Pacific: 12%
 - Other hotels, likely to be converted to a brand, with no geography noted: 0.3%

- IHG:
 - Americas: 57%
 - EMEA: 25%
 - Greater China: 18%
- MAR (ex-timeshare):
 - North America: 65%
 - Europe: 9%
 - Middle East/Africa: 4%
 - Asia Pacific: 18%
 - Caribbean/Latin America ("CALA"): 4%
- WH:
 - US: 61%
 - Canada: 5%
 - Greater China: 18%
 - Rest of Asia: 4%
 - Europe/Middle East/Africa: 8%
 - Latin America: 4%

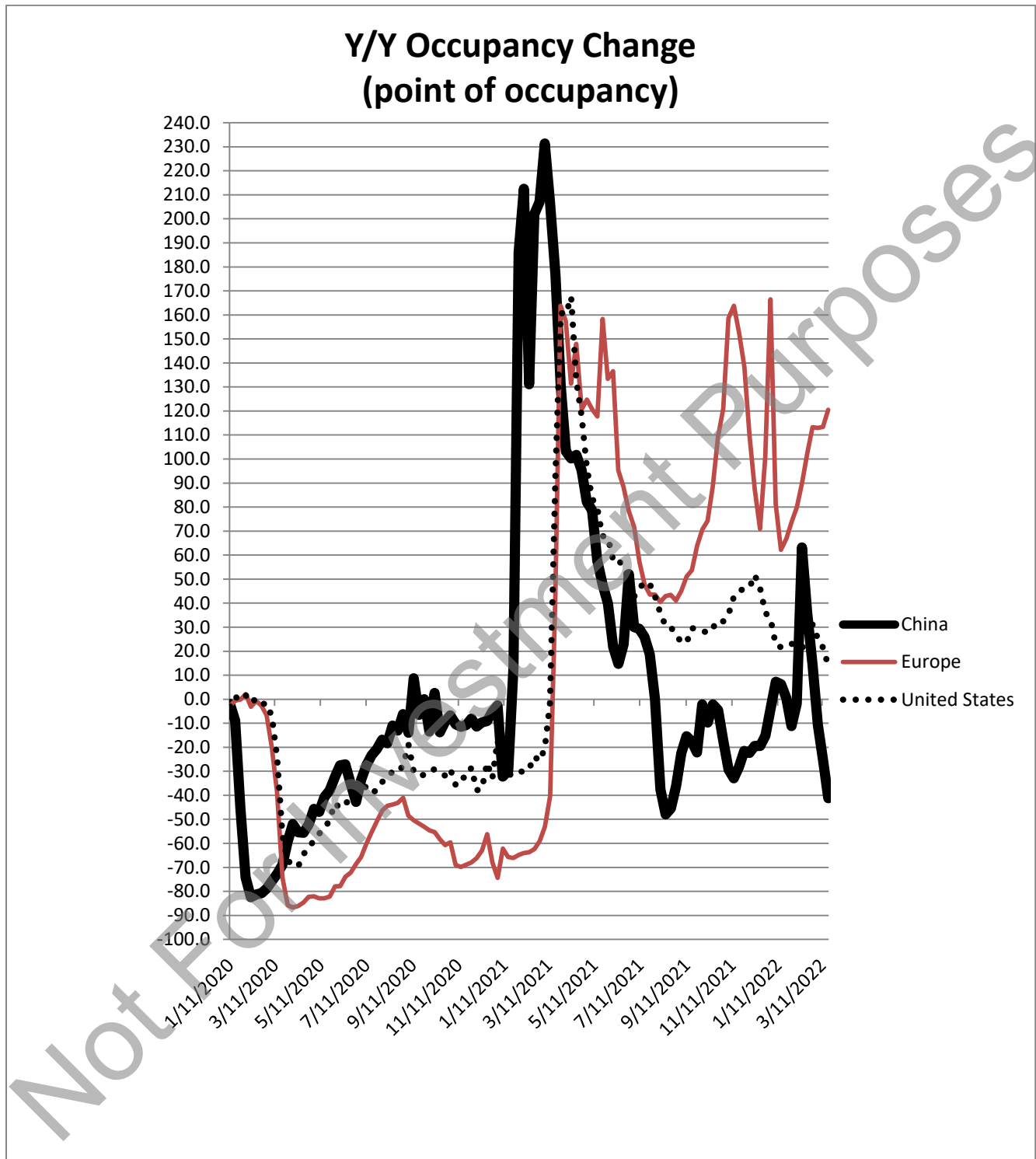
Not For Investment Purposes

Exhibit 2: Y/Y RevPAR change for China, Europe, US



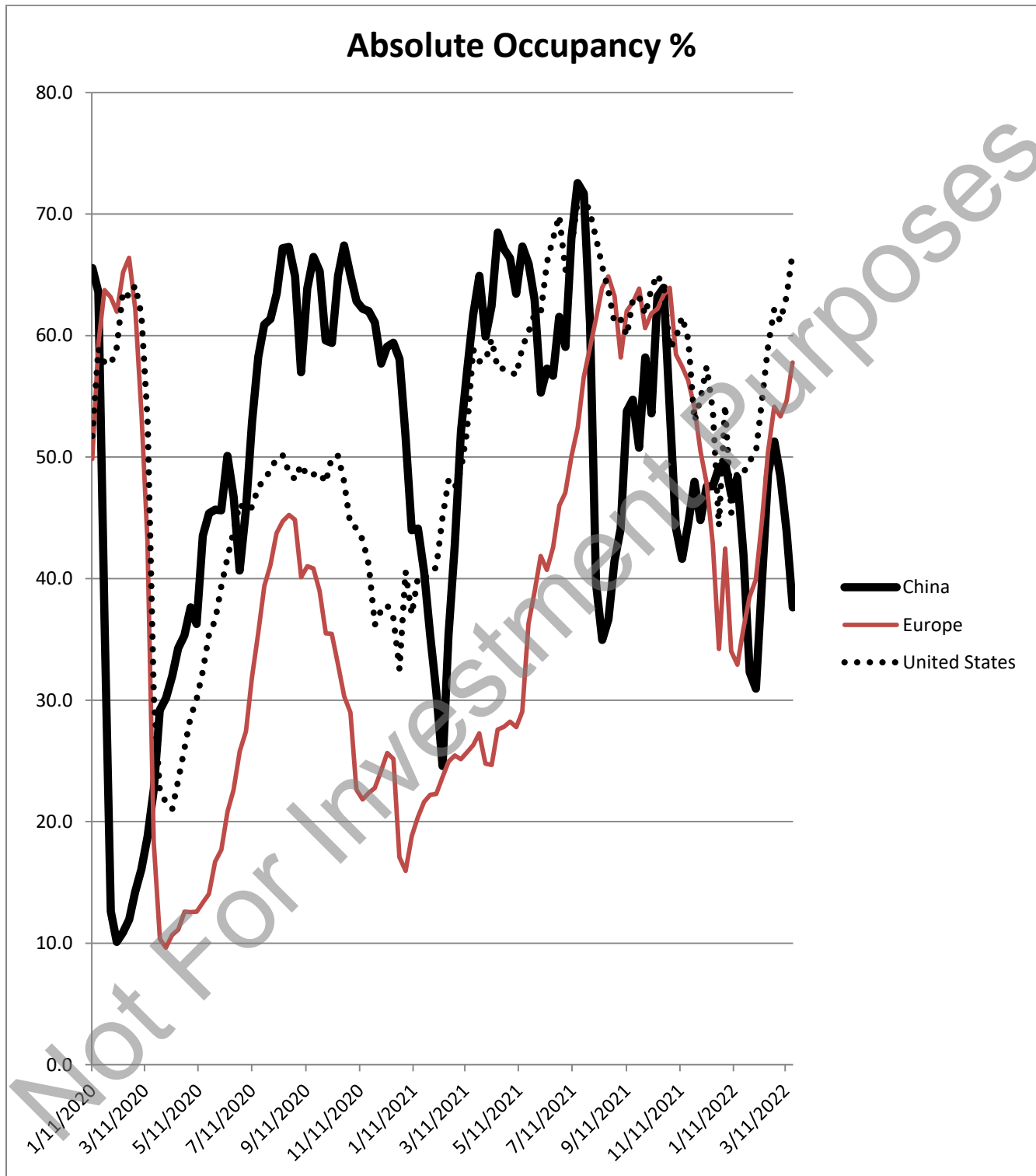
Source: STR, Truist Securities research

Exhibit 3: Y/Y Occupancy change for China, Europe, US



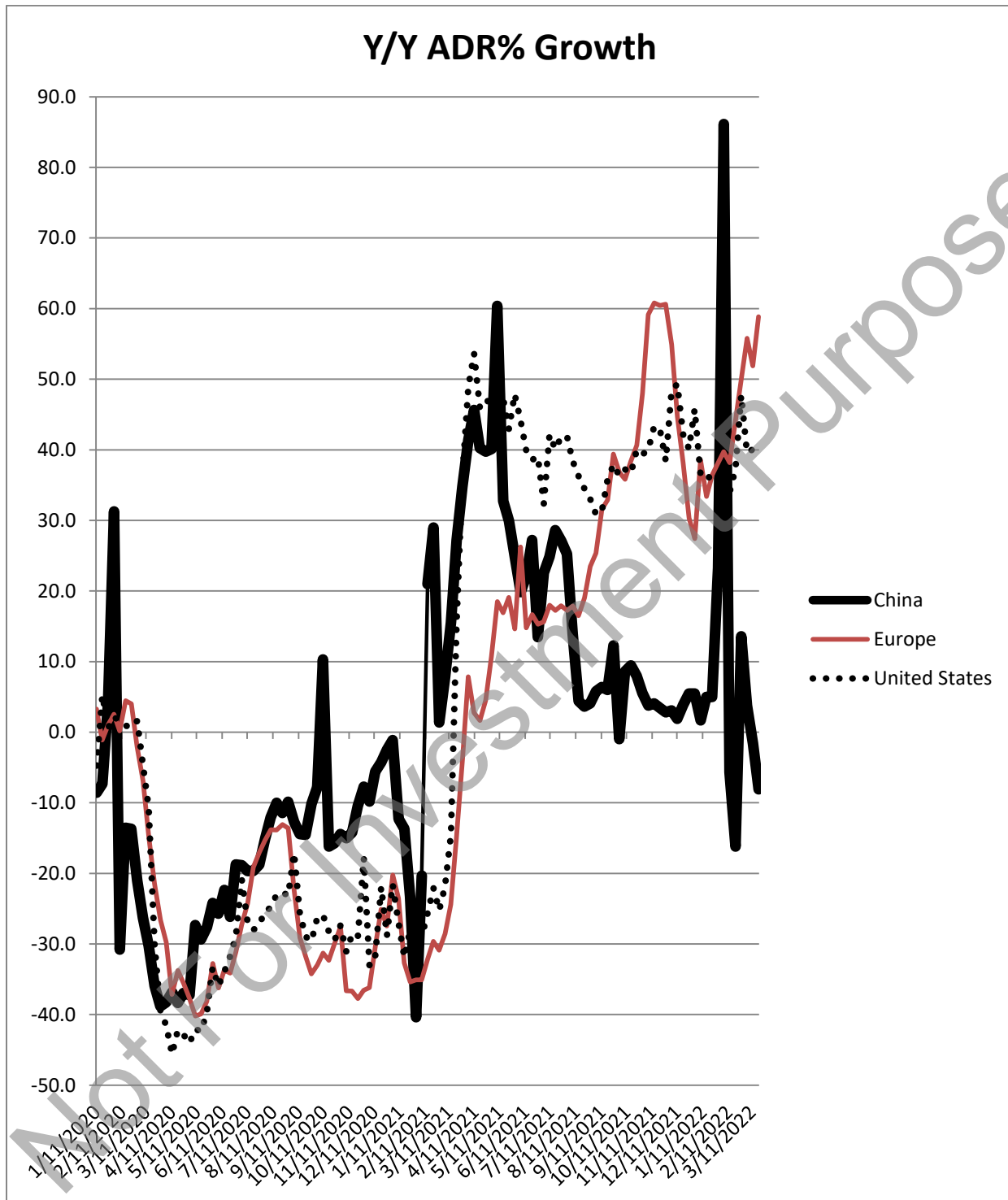
Source: STR, Truist Securities research

Exhibit 4: Absolute Occupancy % for China, Europe, US



Source: STR, Truist Securities research

Exhibit 5: Y/Y ADR % change for China, Europe, US



Source: STR, Truist Securities research

Companies Mentioned in This Note

Choice Hotels International, Inc. (CHH, \$138.49, Hold, C. Patrick Scholes)
Hyatt Hotels Corporation (H, \$93.17, Buy, C. Patrick Scholes)
Hilton Worldwide Holdings Inc. (HLT, \$148.41, Hold, C. Patrick Scholes)
Hilton Worldwide Holdings Inc. (HLT, \$148.41, Hold, C. Patrick Scholes)
Marriott International, Inc. (MAR, \$167.65, Hold, C. Patrick Scholes)
Wyndham Hotels & Resorts, Inc. (WH, \$83.28, Buy, C. Patrick Scholes)
 InterContinental (IHG, NR)
 Accor (AC, NR)
 Huazhu (HTHT, NR)

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Rating and Price Target History for: Hyatt Hotels Corporation (H-US) as of 03-23-2022

08/05/19 HOLD:\$79	02/06/20 HOLD:\$84	02/26/20 HOLD:\$83	04/29/20 HOLD:\$49	07/24/20 SELL:\$44	08/05/20 SELL:\$42	11/16/20 SELL:\$48	01/14/21 SELL:\$57	02/22/21 SELL:\$59	05/24/21 SELL:\$67	08/17/21 HOLD:\$76	12/03/21 HOLD:\$78	01/18/22 BUY:\$106
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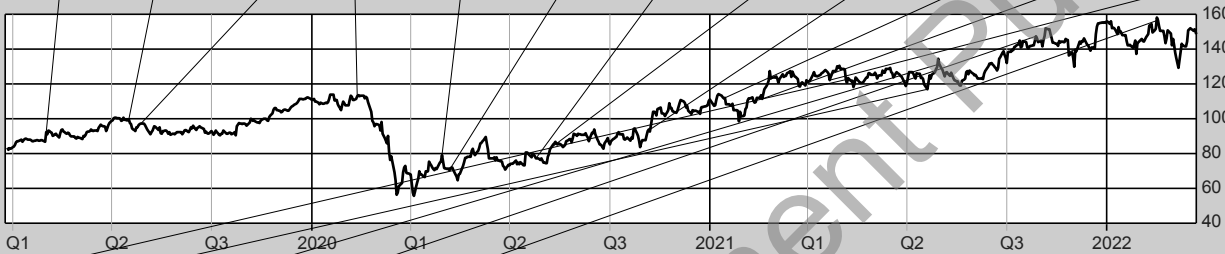


03/23/22 BUY:\$111

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Rating and Price Target History for: Hilton Worldwide Holdings Inc. (HLT-US) as of 03-23-2022

05/01/19 BUY:\$101	07/16/19 HOLD:\$101	07/24/19 HOLD:\$99	02/11/20 HOLD:\$107	04/29/20 HOLD:\$61	05/07/20 HOLD:\$66	07/24/20 HOLD:\$75	08/07/20 HOLD:\$79	11/04/20 HOLD:\$85	01/14/21 HOLD:\$98	02/17/21 HOLD:\$106	04/20/21 HOLD:\$114
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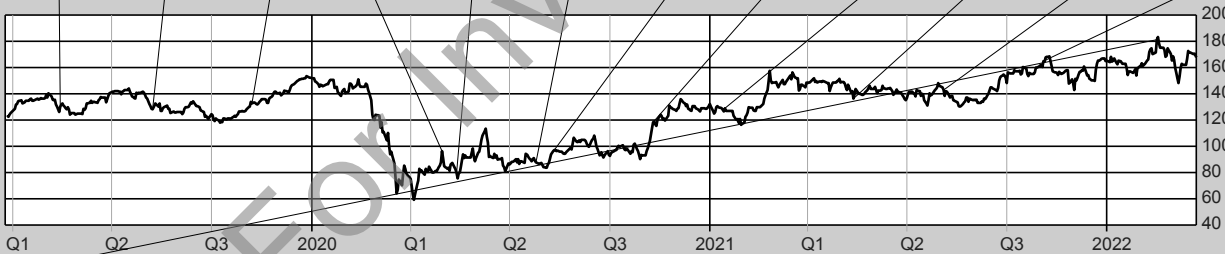


05/05/21 HOLD:\$117	07/19/21 HOLD:\$116	07/30/21 HOLD:\$127	10/27/21 HOLD:\$139	02/16/22 HOLD:\$152
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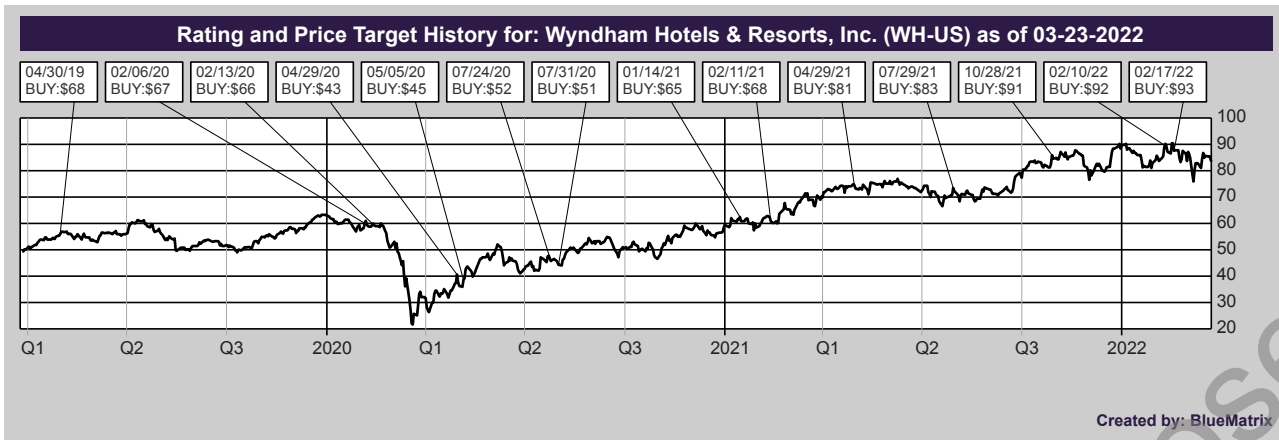
Rating and Price Target History for: Marriott International, Inc. (MAR-US) as of 03-23-2022

05/14/19 HOLD:\$135	08/07/19 HOLD:\$131	11/06/19 HOLD:\$128	04/29/20 HOLD:\$83	05/12/20 HOLD:\$86	07/24/20 HOLD:\$88	08/10/20 HOLD:\$94	11/09/20 HOLD:\$99	01/14/21 HOLD:\$119	05/12/21 HOLD:\$133	08/03/21 HOLD:\$146	11/03/21 HOLD:\$156
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02/15/22 HOLD:\$182

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Truist Securities Ratings System for Equity Securities

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