

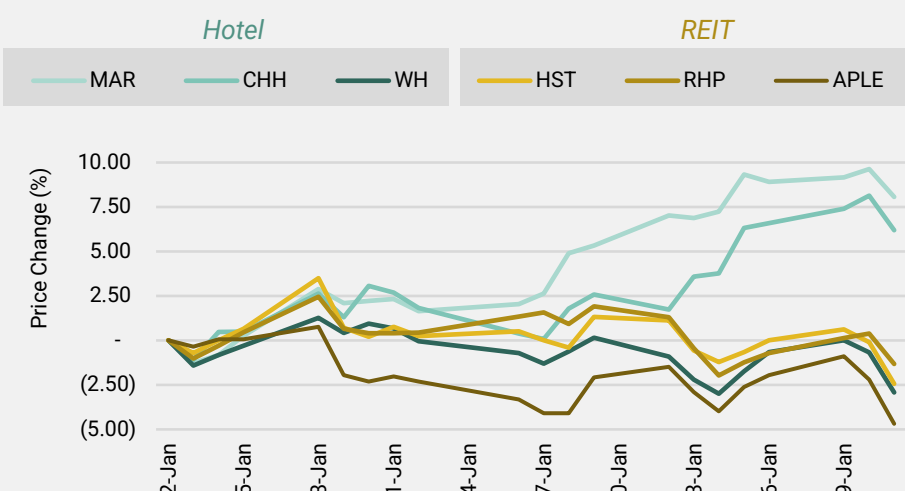
Travel & Leisure

Monthly Update



Hotel Index Performance

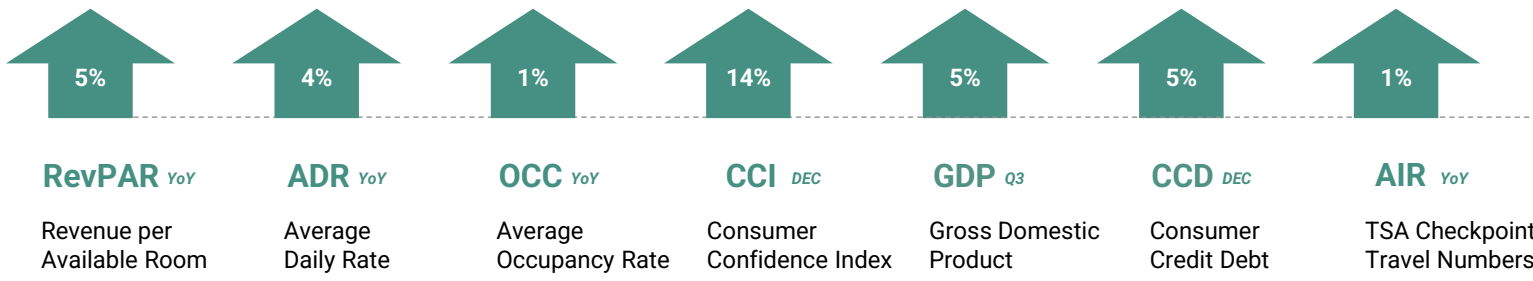
The hotel index **outperformed** the broader S&P 500 and NASDAQ markets in the month of January posting a gain of 3.7%



STOCK	PRICE CHANGE
MAR – Marriott Int.	8.1%
CHH – Choice Hotels	6.2%
WH – Wyndham Hotels	(2.9%)
HST – Host Hotels REIT	(2.4%)
RHP – Ryman Hosp. REIT	(1.3%)
APLE – Apple Hosp. REIT	(4.7%)
Hotel Sub Index	3.7%*

*Weighted change of S&P 500 Hotels, Resorts, and Cruises (Sub Ind) (*SP500-25301020)

Leading Industry Indicators



Sources: CoStar Monthly Hotel Report and Ankura U.S. Economic Overview

The Big Story

Choice Hotels International is continuing its \$8 billion hostile takeover bid of Wyndham Hotels & Resorts by proposing a new board of directors to replace Wyndham's current board. Choice Hotels has made several offers to Wyndham, with its latest cash-and-stock bid valuing Wyndham at approximately \$87 per share, representing a 26% premium to Wyndham's share price on October 16, 2023, when Choice's offer became public. This move aims to create the world's largest budget hotel operator chain, leveraging Choice's market capitalization of around \$6 billion and its brands like Radisson, EconoLodge, and Sleep Inn. Despite Wyndham's concerns about potential antitrust issues due to the merger's market share, Choice is confident in obtaining antitrust clearance. Once combined, the company would represent only 10% of U.S. room revenue and anticipates generating \$1 billion in free cash flow in 2024, allowing it to pay down debt and invest in its business quickly.

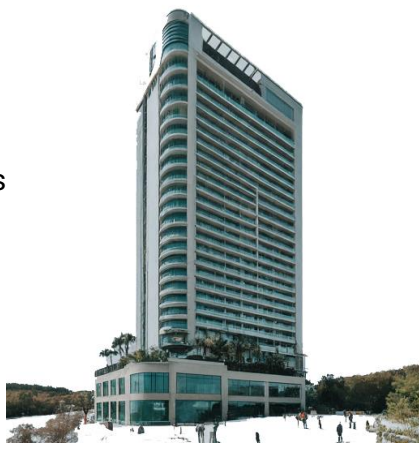
 **CHOICE HOTELS (CHH)**
HOTELS*

1,789 EMPLOYEES

BRANDS
Comfort Inn, Comfort Suites, Radisson, Sleep Inn, Cambria Hotels, and Country Inn & Suites

TOTAL REV: \$ 1,551.1 m
Growth YoY: 10.6%

EBITDA: \$ 538.4 m
Margin %: 34.7%



Source: Capital IQ Updated as of February 1, 2024

 **WYNDHAM HOTELS (WH)**
HOTELS & RESORTS

2,500 EMPLOYEES

BRANDS
Super 8, Days Inn, La Quinta, Ramada, Baymont, Travelodge, and Registry Collection

TOTAL REV: \$ 1,400.5 m
Growth YoY: (6.5%)

EBITDA: \$ 659.2 m
Margin %: 47.1%

M&A in The Industry

Looking back over the past decade, 1,758 travel companies were sold between 2014 and Q3 2023, with the majority closing in Europe (42%) and the United States (38%). Travel sector activity has skyrocketed since the end of the pandemic, signaling increased consolidation in the industry. More than 400 deals materialized between 2022 and Q3 2023, while only 389 occurred between 2018 and Q3 2019.

Source: M&A Tracker database compiled by Cambon Partners and Videc

The Role Of Finance in M&A

To capitalize on synergies after a consolidation, companies in the travel sector must develop a comprehensive integration strategy. The finance function plays a critical role in the integration process:

Unifying the close calendar

Standardizing the chart of accounts, reporting policies, contract terms, and controls

Integrating cash forecasting tools

Integrating financial data sources

Driving toward a single company-wide forecast

Making staffing decisions

Tracking integration synergies and costs

The Ankura Advantage

HOTEL EXPERTISE

From multi-billion-dollar franchises to startups seeking seed-capital, we understand and solve for the issues hotels are facing at all stages of the business lifecycle. We partner with our clients to unlock value by automating processes, optimizing technology solutions and bringing visibility into hospitality specific financial metrics fast.

ACCOMPLISHED TEAM

We deliver experienced talent to the table – leaders that have sat in the industry and experienced issues first-hand in the industry. These operational leaders dig in and get their hands dirty to resolve pressing issues, uncover and fix inefficiencies and bring strategic initiatives to the finish line.

RESILIENT AND LASTING SOLUTIONS

We don't just plug holes...but we don't try to boil the ocean either. Our mandate is to deliver rapid, sustainable, and repeatable improvements to support long-term growth.

PEOPLE FIRST

To succeed, the team needs to be deeply involved in the process. Change management, training, and coaching aren't workstreams; it's our philosophy and the key to sustained improvement.

How We Support Travel & Leisure Clients

- ✓ **Finance Resiliency**
Improve efficiency and effectiveness of Finance; increase business partnering; drive initiatives across people, process, and technology; automate key processes; decrease cost of finance
- ✓ **Liquidity Management**
Improve working capital and liquidity with dynamic financial models and scenario analyses; dive deep into the cash conversion cycle to minimize impacts of seasonality
- ✓ **FP&A**
Provide transparency and visibility; deliver insights into performance and leverage advanced analytics to drive decision-making, particularly as hotel/leisure navigates customer price sensitivity in a high inflationary environment
- ✓ **Transaction Support**
Structured integration and subject-matter expertise to drive process amidst continued industry consolidation
- ✓ **Accounting**
Remediate accounting; streamline the close; manage risk profile
- ✓ **People**
Fill interim or surge resource needs; align finance organization

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