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RHP.N - Q2 2023 Ryman Hospitality Properties Inc Earnings Call

EVENT DATE/TIME: AUGUST 04, 2023 / 3:00PM GMT

## CORPORATE PARTICIPANTS

**Colin V. Reed** *Ryman Hospitality Properties, Inc. - Executive Chairman*

**Jennifer L. Hutcheson** *Ryman Hospitality Properties, Inc. - Executive VP & CFO*

**Mark Fioravanti** *Ryman Hospitality Properties, Inc. - President, CEO & Director*

**Patrick Chaffin** *Ryman Hospitality Properties, Inc. - Executive VP & COO - Hotels*

## CONFERENCE CALL PARTICIPANTS

**Charles Patrick Scholes** *Truist Securities, Inc., Research Division - MD of Lodging, Gaming and Leisure Equity Research & Analyst*

**Chris Jon Woronka** *Deutsche Bank AG, Research Division - Research Analyst*

**Dori Lynn Kesten** *Wells Fargo Securities, LLC, Research Division - Senior Analyst*

**Shaun Clisby Kelley** *BofA Securities, Research Division - MD in Americas Equity Research & Research Analyst*

**Smedes Rose** *Citigroup Inc. Exchange Research - Research Analyst*

**William Andrew Crow** *Raymond James & Associates, Inc., Research Division - Analyst*

## PRESENTATION

**Operator**

Welcome to Ryman Hospitality Properties Second Quarter 2023 Earnings Conference Call. Hosting the call today from Ryman Hospitality Properties are Mr. Colin Reed, Executive Chairman; Mr. Mark Fioravanti, President and Chief Executive Officer; Ms. Jennifer Hutcheson, Chief Financial Officer; Mr. Patrick Chaffin, Chief Operating Officer and Mr. Patrick Moore, Chief Executive Officer, Opry Entertainment Group, this call will be available for digital replay. The number is (800) 756-0554 with no conference ID required. At this time, all participants have been placed on a listen-only mode. It is now my pleasure to turn the conference over to Ms. Jennifer Hutcheson. Please go ahead, ma'am.

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**Jennifer L. Hutcheson** - *Ryman Hospitality Properties, Inc. - Executive VP & CFO*

Good morning. Thank you all for joining us today. This call may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995, including statements about the company's expected financial performance. Any statements we make today that are not statements of historical fact may be deemed to be forward-looking statements.

Words such as believes or expects are intended to identify these statements, which may be affected by many factors, including those listed in the company's SEC filings and in today's release. The company's actual results may differ materially from the results we discuss or project today. We will not update any forward-looking statements, whether as a result of new information, future events or any other reason. We will also discuss non-GAAP financial measures today. We reconcile each non-GAAP DIP measure to the most comparable GAAP measure and exhibit to today's release. I will now turn the call over to Colin.

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**Colin V. Reed** - *Ryman Hospitality Properties, Inc. - Executive Chairman*

Thank you, Jennifer, and good morning, everyone. I want to start off this morning's earnings call by somewhat breaking from the tradition of spending time talking about the last quarter. Of course, we're very pleased with the last quarter, but it's the future that really excites us. So let me tell you why, 20 years ago, we decided to build a hospitality brand primarily focused on the group segment.

We did this because we had discovered that there were tens of thousands of large groups that rotate market to market year-by-year. We built world-class physical assets backed up by a people-focused culture that over time built loyalty amongst our customers. The consequence was that we gained market share, and for those investors who have been with us for this journey will know we've expanded and refined most of our hotels over the last decade as we grew demand.

Financially, our performance has been substantially different from our peers. In fact, our company has significantly outperformed the FTSE NAREIT Lodging sector index over the last 20 years, and when you look at the average returns of the same index, whether it's on a year-to-date basis, a 1-year, 3-year, 5-year, 10-year, we've substantially outperformed this index in each period of measurement. Now this is not by luck. This is because we have a differentiated strategy that enters into contracts with our large group customers and provide really exciting experiences to the leisure customers, and they, in turn, reward us with their loyalty. The consequence of which has resulted in lower annualized earnings volatility and higher annualized growth than our peers. So we are, after a once in a lifetime pandemic posting results that are mostly across the board records, and as Mark will describe, bookings and lead volumes that are really quite impressive and revenue on the books for next year and the years following at levels that exceed historical performance. COVID decimated many families and created extraordinary damage to humanity. But in some ways, it made us a stronger company. We went out of our way to nurture and care for the meeting planner, evidenced by the tremendous re-bookings we achieved from the canceled room nights. We reengineered our organization and deployed almost $500 million in new capital while others shut up shop. We have emerged from COVID a stronger company as our quarterly earnings illustrate. But the thing that excites me is what we can do with our businesses over the years ahead.

Next week, we will be with our Board, and I suspect most of the conversation will be focused on the years ahead of us. Our hotel business has and is showing strong rate growth as a consequence of the attributes of our product and the strength of demand. Look, forward bookings and lead volumes have us very excited and we've been sharing with our Board the many options we have to grow our business. We're working on rooms expansions of certain hotels, convention space expansion, replicating SoundWaves in several markets, sports bar expansions as well as food and beverage repositioning all at our existing hotels as we expand and refine supply to accommodate the demand we are building.

So as I said, next week, we will preview these opportunities with our Board. And between now and early December, we will be refining proformas and prioritization, and then we will share this plan in some detail at an Investor Day that we plan to hold sometime mid-first quarter of next year so that we can lay out our growth plans primarily for our hotel business, but also give you a glimpse of what we expect to do with our exciting entertainment business. Now right now, we've identified about somewhere between 15 and 20 projects that we believe will materially grow profitability that we estimate that we'll acquire about $1 billion of new capital, and by the way, that number I've just explained to you excludes the plans that we're developing for the JW Marriott Hill Country.

Unlike most of the hospitality REIT sector, we have a very strong record of creating value for our shareholders and the plans that we are developing and the strategy that we have in place leads us to the conclusion that the future looks extremely exciting. Now for the quarter. As Mark and Jen will discuss, our quarter came in almost exactly as our operating plan called for despite the shocking accident at our Colorado hotel, and we set records in many areas of our business. The quarter was highlighted by the acquisition of the JW Marriott Hill Country, which we're very excited about, and Mark will talk about that in a minute.

Candidly, we've tried to buy this hotel several times over the last 8 years, and we are pleased that we were able to move quickly to facilitate this purchase. And I'd like to thank the investors and bondholders who came into our company at the time of purchase for having the confidence in us. San Antonio is a large city with incredible growth characteristics. In fact, from 2020 to '21, San Antonio experienced the largest population growth in absolute terms of any city in the United States and during that time, the GDP of San Antonio grew at the fifth highest rate in the country.

There's a lot of upside potential for this hotel, and even though the hotel is performing extremely well, and we look forward to really Rymanizing this hotel in the coming period. Over the last several days, we've gone under contract to purchase an adjacent 41 acres of real estate that significantly helps us to be able to expand this hotel over time and then introduce this asset into the rotational offering for our group customers, and Patrick and his high-quality team are currently building the growth thesis for this world-class asset, which we'll share with you in a few months.

Now finally, let me just tell you what excites me about our entertainment business. First of all, the core business continues to get stronger, and if you exclude our new Block 21 assets, which delivered very good results in the second quarter, adjusted EBITDA increased year-over-year by 21% on an 11% increase in revenue. The Ole Red brand also delivered record results as did the Grand Ole Opry and the Ryman. From a growth perspective, we're making headway in Las Vegas with our all red that we're building on the strip. But it looks like opening will occur in very early in 2024, which is a modest shift in the schedule due to a permit delay that we fortunately now have completely resolved. As you all know, we also announced a long-term branding deal with Luke Combs.

Luke is an extraordinary entertainer with international appeal, and we will be converting the Wildhorse into a 4-part multifaceted entertainment destination here in Nashville, which when complete, will be quite different from the bars you see in this town. So here we are, our consolidated business operating at record levels and a balance sheet that has delevered materially over the last year. For us, the dilemma is not how we grow, but what levers we pull first. And I want to just finish my section here by saying I'm extremely proud of the team we have here at Ryman and their collective professionalism and understanding of our business and the future looks awfully, awfully exciting. So Mark, let's talk about the second quarter.

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**Mark Fioravanti** - *Ryman Hospitality Properties, Inc. - President, CEO & Director*

Thanks, Colin. The company had another excellent quarter with a continuation of the great momentum we saw in the first quarter, achieving record performances in a number of areas. In addition, we are excited about the value creation opportunities the JW Marriott Hill Country presents at both the property and portfolio levels. Starting with our hotel business, we continue to see strength in the group segment as we traveled approximately 528,000 group room nights in the quarter, 3.5% more than the comparable period in 2022 and nearly a 98% recovery versus 2019 pre-pandemic levels.

Across the board in both group and transient, we continue to see strong rate performance as group and transient ADR were both up 5% versus the prior year quarter and 16.7 and 37.9%, respectively, compared to the second quarter of 2019. Both segments set new all-time records for ADR, driving record second quarter hospitality revenue. Outside the room spending this quarter saw continued strength with an increase of over 5% compared to the year ago period. Despite an uncertain macro environment, we delivered hospitality adjusted EBITDAre of $152.7 million in the quarter, which was the second highest performance in the company's history, just 1.5% behind the year ago period.

While there was a 200 basis point margin decline compared to the same period last year, this quarter's performance was solid as we faced some tough comparisons to the prior year quarter. Coming off the Omnicron impacted first quarter, the second quarter of 2022 is the highest EBITDAre and margin quarter on record, driven in part by Omnicron-related re-bookings, attrition and cancellation fee collections and incentive management fee expense timing.

Attrition and cancellation fees in the most recent quarter were down by almost 1/3 or $5 million on a year-over-year basis, illustrating the continued return of the group customer. Likewise, as our portfolio has generated higher levels of profitability, management fee expenses increased commensurately. Our second quarter results included over $4 million more in recognized incentive management fees compared to the year ago period. While these dynamics have a negative impact on comparable margins, they are favorable signs for the group segment in our business. We anticipate a similarly challenging year-over-year comparison in the third quarter as well and then reaching more favorable comparisons in the fourth.

In addition to these year-over-year dynamics, the Gaylord Rockies performance in the quarter was negatively impacted by the tragic May 6 collapse of the HVAC system at the hotels indoor pool. Guest volumes, primarily in the transient segment were impacted in the weeks following the incident, but have continued to recover. We estimate this incident impacted the Rockies second quarter profitability by approximately $2 million, and we have an ongoing business interruption claim, which we hope to collect by year-end.

As we look to the remainder of the year, we're reiterating our hospitality EBITDAre and Entertainment segment EBITDA outlook with the addition of the JW Hill Country for the back half of the year, thus raising our adjusted EBITDAre guidance for the benefit of the new property. Jennifer will detail our outlook shortly. As we look beyond 2023, we continue to see no deterioration in the key leading indicators we track. We're again pleased with group sales production in the quarter as we booked nearly 652,000 gross group room nights, which is up 8.4% compared to the year ago period.

If you exclude Omnicron-related re-bookings from the second quarter production last year, production was up approximately 17% year-over-year. We continue to prioritize ADR in our sales production, leveraging the capital investments we've made in capitalizing on the favorable supply/demand outlook for the group segment. For the second quarter, we achieved an average rate across all new group bookings of $265, an all-time high for any quarter in the company's history, up 8.7% compared to the second quarter of 2022 and 25.2% compared to the second quarter of '19.

This ongoing strength in production continues to drive our revenue on the books for future years and supports our confidence to continue investing to enhance our one-of-a-kind hotels to create stronger customer loyalty and build an even greater competitive advantage. As of the end of the second quarter, our group rooms revenue on the books for '24 and '25 are up 9.6% and 9.8%, respectively, compared to the T+1 and T+2 time periods as of the second quarter of 2022. Now turning to the acquisition of the JW Marriott Hill Country, Colin gave you a brief overview of some of the fundamentals of the compelling San Antonio market. Let me add a little bit more color about this hotel and the tremendous opportunity it presents for us.

Since closing the acquisition on June 30, our asset management team has been working with Marriott to quickly integrate the property into our portfolio to capitalize on economies of scale, improve contract terms and service levels from key vendors and leverage our portfolio-wide above-property activities in finance, revenue management and group sales. In addition, we're working to create an initial introduction of holiday programming to drive incremental transient occupancy and outside the room spending for the 2023 holiday season. Due to its lead time, we will implement our full holiday programming, including ICE! in 2024.

Looking out further, the expansion potential for this hotel is substantial, while already a destination property at 1002 rooms when you compare it to the rest of our portfolio and consider the long-term economic growth of the Greater San Antonio, Austin region, the property represents an enormous opportunity to generate significant shareholder value through future capital investment. To this end, as Colin mentioned, we have signed a purchase agreement to acquire from Marriott 41 undeveloped acres immediately adjacent to the Hill Country property for $10.1 million. The purchase agreement is subject to customary closing conditions, including our due diligence efforts in the approval of Marriott's Investment Committee.

We believe this land and the associated development rights will allow us to create a compelling master plan for an expansion of the resort in future years. We anticipate closing this transaction by the end of the third quarter. Our Entertainment Group's performance this quarter was again another great storyline with our marquee Nashville assets leading the way. The consolidated Entertainment segment delivered $87.1 million of revenue and $29.4 million of adjusted EBITDA, which are both records, up 27.4% and 33.4%, respectively, versus the year ago period.

We also announced this quarter that former Ryman Board member, Patrick Moore, has been appointed Chief Executive Officer of the company's Opry Entertainment Group. Patrick brings decades of experience, leading brands through transformative growth and an addition to our management team is an important step in executing our long-term strategic growth plan. We've worked with Patrick first as a consultant and most recently as a Ryman Board member, and I have known him for more than 16 years. We're excited to have Patrick join us and for the leadership and strategic capabilities he brings, and with that, I'll turn it over to Jennifer to discuss our financial results in greater detail.

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**Jennifer L. Hutcheson** - *Ryman Hospitality Properties, Inc. - Executive VP & CFO*

Thank you, Mark. In the second quarter, the company generated total revenue of $504.8 million and net income to common shareholders of $66.5 million or $1.15 per fully diluted share. Note as usual that our fully diluted share count in the quarter reflects the put rights held by Atairos as part of their Opry Entertainment Group investment. Although those rights are not yet exercisable and we retain the option to settle any exercise of these rights in cash, any exercise these put rights would also result in the Atairos' 30% ownership in OEG reverting back to Ryman. Additionally, this quarter, we completed a successful oversubscribed equity capital raise in June associated with our acquisition of the JW San Antonio Hill Country property.

We issued a total of 4.4 million shares in the quarter, which is reflected in our weighted average shares outstanding for the quarter and year-to-date. Total consolidated adjusted EBITDAre for the second quarter was $174.7 million, which is an all-time record and led by continued strength in both our hospitality and entertainment segments. With the JW Hill Country acquisition occurring on June 30, our second quarter balance sheet fully reflects the acquisition and the related financing transactions and future operating results starting next quarter will be fully reflected in our income statement. As Mark mentioned, our businesses are performing well, with strength and momentum moving forward. As such, we are reiterating our full year guidance for our same-store businesses and updating our consolidated full year guidance for the addition of the San Antonio Hill Country property in the back half of the year.

As a result, we are guiding consolidated adjusted EBITDAre of $659 million to $704 million or an increase of $28 million at the midpoint compared to our previous guidance. We are also increasing our guidance for adjusted funds from operations or AFFO for the year to a range of $437 million to $466 million, which is an increase of $12 million at the midpoint. You can see our full guidance changes and reconciliation in the earnings release.

Turning to our balance sheet. We ended the quarter with $508.3 million of unrestricted cash on hand and our $700 million revolver remained undrawn. Opry Entertainment Group's $65 million revolver had a balance of $7 million outstanding, which is unchanged from last quarter. The combined capacity of our revolving credit facilities and cash on hand gives us total liquidity of approximately $1.25 billion after deducting $14 million of outstanding letters of credit. We retained an additional $105.6 million of restricted cash available for our FF&E projects and other maintenance.

On a trailing 12-month basis, our net leverage ratio of total consolidated net debt to adjusted EBITDAre stood at about 4.5x (corrected by company after the call), which is a modest increase from last quarter but includes our recently completed high-yield note offering without including any EBITDA contribution from the JW Hill Country. Adjusting for the EBITDA contribution of JW Hill Country, we are closer to 4x. We completed meaningful capital markets transactions in the second quarter to fund the acquisition of JW Hill Country as well as to extend the maturity of our credit facility and refinance our Term Loan B.

The JW Hill Country acquisition was funded through the equity offering of 4.4 million shares of common stock, par value of $0.01 per share at a price of the public of $93.23 as well as the private placement of $400 million of aggregate principal amount of 7.25% senior notes, which are due 2028. Both of these transactions were very well received by the market and were upsized in both cases to satisfy strong demand for our securities. On our credit facility refinancing, we successfully extended our revolver maturity to 2027 and Term Loan B maturity to 2030, and eliminated the previous mortgage collateral requirements.

In addition, we reset our Term Loan B to $500 million, providing us an additional $130 million of liquidity. In terms of interest rate exposure, as of quarter end, approximately 80% of our outstanding debt was at fixed rates either directly or with the benefit of swaps. As we've discussed previously, we exercised the first of our 3 1-year extensions on the Gaylord Rockies term loan, pushing out that maturity to July 2, 2024, and we reset our interest rate swap to cover that period.

With the further actions we've taken this quarter to finance the JW Hill Country acquisition as well as manage our debt maturity schedule, our balance sheet and liquidity continue to be in excellent shape to support the capital deployment opportunities available to us and the continued growth of our business, and it remains our intention to pay 100% of our re-taxable income through dividends. And with that, I'll turn it back over to Colin.

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**Colin V. Reed** - *Ryman Hospitality Properties, Inc. - Executive Chairman*

Thanks, Jim. Travis, let's open the call up for questions, please.

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## QUESTIONS AND ANSWERS

**Operator**

Yes, sir. At this time, if you would like to ask a question, press star 1 on your touchtone phone. You may remove yourself from queue at any time by pressing star 2. Once again, that is star 1 to ask a question. We will pause for a moment to allow questions to queue. Our first question comes from Bill Crow, Raymond James.

**William Andrew Crow** - *Raymond James & Associates, Inc., Research Division - Analyst*

Hey, good morning, thanks, two questions from me, Colin or Mark. Just curious, Las Vegas has always been a pretty good group market, but Marriott's new deal seems like it might change the equation and make it even stronger. I'm wondering how you think that might impact the rotational groups and the pace of when they come to your properties?

**Mark Fioravanti** - *Ryman Hospitality Properties, Inc. - President, CEO & Director*

Yes, I don't know that it really changes the pace of when they come to our properties. As we've looked at research over the years, about half of groups want to go to Vegas and about half don't. I think the opportunity that it really presents for us is that Marriott will now have a substantial presence there from a Bonvoy perspective. And what that essentially does for us is opens up, I think, more opportunities for us to capture those large groups, either in the Denver into other hotels as part of our rotational pattern.

**Colin V. Reed** - *Ryman Hospitality Properties, Inc. - Executive Chairman*

The other part of it, Bill, is that Marriott will have access to that massive gaming market leisure customer that actually spends time in other markets other than Las Vegas. And so I think we have an opportunity of getting leisure demand into some of our great hotels as well. So I think Mark is right, ultimately, there will be benefits from the group side, but also, I think there is some leisure uplift here as well.

**William Andrew Crow** - *Raymond James & Associates, Inc., Research Division - Analyst*

And Colin, you mentioned the potential for $1 billion of capital projects going forward. And I'm just thinking about how that might be financed and whether that might be dependent upon monetization of Opry Entertainment Group.

**Colin V. Reed** - *Ryman Hospitality Properties, Inc. - Executive Chairman*

No. It is certainly not. What has happened here, Bill and Jennifer alluded to this, is that COVID cost our company when you sort of estimate it round numbers, about $1 billion. And leverage levels, like a lot of the other hotel companies have shut down went up into the mid-60s, pushing 7s. But because of the strength of our business and our cash flows, our leverage levels have gone off a click. I mean as Jennifer alluded, when you normalize for the Hill Country and you look at the new debt that we have, we're trading at about 4x.

And so when we look at and Mark alluded to 2024, we're looking at group bookings on the books up substantially from historical paces and the same for the year after that. As we lay out our long-range plan, and this is again something we show going to our board next week, we can essentially finance these capital projects from our balance sheet. And by the way, this assumes that our dividends over the next 2 to 3 to 4 years are going to have to increase fairly substantially because of our REIT taxable income.

So this is a very exciting situation that we've got ourselves into here by literally building a brand that in the eyes of these group customers and the leisure customers is differentiated. And so we expect to be able to generate really good quality high-returning growth here over the next 3 to 4 years. And by the way, our pro-formas have even though we're going to deploy $1 billion of capital because of the way our assumptions look on what this capital does to the underlying EBITDA of the business, our leverage levels don't go up through this period of time. They actually decline. So this is a very exciting situation we've got ourselves into.

**Mark Fioravanti** - *Ryman Hospitality Properties, Inc. - President, CEO & Director*

Yes. And at the midpoint of our guidance, our consolidated adjusted EBITDA has increased almost 34% over 2019. Over the last 3 years, this is a business that has grown materially.

**Colin V. Reed** - *Ryman Hospitality Properties, Inc. - Executive Chairman*

Yes. And that includes our entertainment. But to that point, Bill, this is an important thing that Mark has just referenced. You guys sit around and you take apart all of these other companies that talk about their earnings. But if you just look at our company, if you take the midpoint of our guidance for this year for total RevPAR, that number is about $443, and this excludes the Hill Country. And this reflects growth over '19 of 15% and growth of 9.5% over last year. If you look at the EBITDAre for the same-store guidance for the year, at the midpoint, which again excludes the Hill Country, which is $585 million, this shows growth of 21% over '19, growth in EBITDA of 21% over '19 and 14% over last year.

Most of our competitors that you guys write about are sort of flat to down. And because of this strategy that we have built and the contracts that we have in place, this is what our business looks like, and we're very, very excited about it.

**Operator**

Next question comes from Smedes Rose with Citi.

**Smedes Rose** - *Citigroup Inc. Exchange Research - Research Analyst*

Just a follow-up on that. I just wanted to be clear. You're talking about investing $1 billion over a 3- to 4-year period, and you see your leverage not going above 4x and in fact, may be declining over that same time frame?

**Colin V. Reed** - *Ryman Hospitality Properties, Inc. - Executive Chairman*

It will be within that 3.5 to 4.5x through that period. Depending upon the cadence.

**Jennifer L. Hutcheson** - *Ryman Hospitality Properties, Inc. - Executive VP & CFO*

Time period for the spend is probably closer to 5 years.

**Colin V. Reed** - *Ryman Hospitality Properties, Inc. - Executive Chairman*

5 years yes, but again, it depends on the cadence, right? It depends on how quickly we lay these projects over each other.

**Smedes Rose** - *Citigroup Inc. Exchange Research - Research Analyst*

Okay. And then could you talk a little bit about just kind of the scope of investment you might envision at the JW, which sounds like that would be separate and away from what you're planning at your legacy properties?

**Colin V. Reed** - *Ryman Hospitality Properties, Inc. - Executive Chairman*

Yes, Mark, do you want to take that?

**Mark Fioravanti** - *Ryman Hospitality Properties, Inc. - President, CEO & Director*

Yes. I mean I would say that from a Hill Country perspective, initially, our investments are really around where we see opportunities to quickly impact the business there. We're looking at food and beverage, room renovations and the potential to take commercial space that's currently underutilized and not producing revenue and making it more efficient and delivering more options to the consumers longer term, we think there's opportunities to grow rooms, increased meeting space as well as potentially increase the leisure amenities there. But to be honest with you, Smedes, it's a little bit early for us to really lay out precisely what we think the right mix of that is. We're just really getting into that hotel and understanding its operations and the consumer feedback.

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**Colin V. Reed** - *Ryman Hospitality Properties, Inc. - Executive Chairman*

Do you mind if I weigh in on that just for a second?

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**Colin V. Reed** - *Ryman Hospitality Properties, Inc. - Executive Chairman*

So Smedes, if you look at our Gaylord Texan Hotel, it is, by far, the most successful convention resort in the State of Texas. When we open that baby up, we hope that we were going to get somewhere between $45 million and $50 million of EBITDA. We've expanded that hotel several times now. And that hotel this year is going to do somewhere in and around $120 million. And we sort of see San Antonio and that hotel in San Antonio as having the same DNA that over time, that this hotel can literally become the second best convention resort in the state of Texas. And so we're very excited about this hotel. And that's why we tried to buy it 4 or 5x over the last 8 years.

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**Smedes Rose** - *Citigroup Inc. Exchange Research - Research Analyst*

Great. And could I just ask you one, first of all, I appreciate you guys breaking out the cancellation fee. I think that's a nice incremental disclosure. It looks like cancellation room nights was up quite a bit in the second quarter. I realize it's down a lot through the 6 months. But I was just wondering if you could sort of explain that a little bit. It was up 80 (inaudible)?

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**Patrick Chaffin** - *Ryman Hospitality Properties, Inc. - Executive VP & COO - Hotels*

Hey Smedes, this is Patrick. Yes, it was up a little bit. There were about 5 or 6 groups that canceled for future periods, a little bit larger than normal. But as we looked at the specific conditions around each one of them, there was no cost concern. There was nothing that pointed to macroeconomic trends or anything like that. It was just the lumpiness of our cancellations come in now and then. And so a little bit larger, but we dug into that and don't have any cause for concern based on what we saw.

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**Operator**

Our next question comes from Patrick Scholes, Truist Securities.

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**Charles Patrick Scholes** - *Truist Securities, Inc., Research Division - MD of Lodging, Gaming and Leisure Equity Research & Analyst*

Hi, good morning everyone, if I missed this earlier, but I believe you said you're pacing plus about 9% for 2024 and around 9% for 2025. Looking through the transcript last quarter, I do see that you discussed that. Did those numbers improve since your last earnings call over the last 3 months? Or where were they?

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**Patrick Chaffin** - *Ryman Hospitality Properties, Inc. - Executive VP & COO - Hotels*

Patrick, good morning, our numbers continue to improve. I mean, if you look at group revenue pace, total room revenue for 2024, it's actually up, just give you another data point, up 22% over 2019 and that's both on the room nights and the rate as well. And that continues to improve. In fact, we just closed July and had some really solid bookings in a couple of the hotels just for the end year for the year and the T+1. So that continues to improve and gives us a lot of confidence as we head into 2024. Additionally, on top of that, our mix continues to move in a very positive direction.

We have a higher mix of corporate business on the books for 2024, where we stand right now, an improvement over where we are for 2023. So a lot of reasons to feel really good about where we're heading for 2024.

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**Charles Patrick Scholes** - *Truist Securities, Inc., Research Division - MD of Lodging, Gaming and Leisure Equity Research & Analyst*

Okay. And then on your leisure business certainly, from other hotel REITs and vacation ownership companies and the like here, obviously, seeing pressure in the summer and back half of the year. I think about, tell me if everyone when I think about leisure for you folks, it's more country music and the holiday ICE! events, which is probably not something that can easily transfer to going to Europe. So probably not apples-to-apples with lost a ski resort or features (inaudible), how do you think about the leisure business as it relates to those pressures?

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**Colin V. Reed** - *Ryman Hospitality Properties, Inc. - Executive Chairman*

Let me start, Patrick, I just want to do the 50,000 feet peak part of this. One of the things that we did years ago was that when we built these hotels and added to these hotels, we put in really world-class leisure facilities into these assets. And we've continued to embellish the leisure attributes of these hotels over the last 3 or 4 years. Yes, country music and the demands that we're seeing here in Nashville affects Opryland, but country music really doesn't have an impact when you look at Texan, Aurora, Washington and the Palms. But when you have a quality asset it just does pretty well and putting things like SoundWaves into Nashville has had an enormous impact on leisure. But we do a lot of programming here, too, Patrick. Patrick Chaffin, why don't you just talk about the demand that we induced because of the specialized programs that we put in place for leisure.

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**Patrick Chaffin** - *Ryman Hospitality Properties, Inc. - Executive VP & COO - Hotels*

Yes, absolutely. Just to build on what Colin is already saying and Patrick, to your point because I think you're anticipating this, our fourth quarter holiday traveler is really more of a local regional traveler. And so we absolutely saw a little bit of summer softening in the leisure business. I would say a lot of that, though, was tied into the pool complex incident at Gaylord Rockies, which obviously put a damper on the transient production into that hotel. And we agree that we think there's been some international travel that's gone out of the states, but not necessarily seeing the same level coming back into the states. So that impacted the summer, but as we move towards the holidays, folks are looking for a local regional solution for families to get together.

And as we've talked about many times, the programs we've put in place, especially with ICE! coming back last year and returning again this year, provides that solution. And so we're hopeful that the summer softening we saw will not continue into the fourth quarter and that the local regional traveler will still be very strong for the fourth quarter of this year.

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**Mark Fioravanti** - *Ryman Hospitality Properties, Inc. - President, CEO & Director*

And Patrick, you're correct. The structural trip occasion is different for our hotels versus going to Europe or going somewhere for a week or 2 weeks. These are short regional stays, family staycation getaways. They're really not substitutable with a trip to Europe.

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**Charles Patrick Scholes** - *Truist Securities, Inc., Research Division - MD of Lodging, Gaming and Leisure Equity Research & Analyst*

Yes. Understood. Maybe you have said this in the past, but for your acquisition in Texas, are you planning to put in the holiday events like ICE! at that hotel?

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**Patrick Chaffin** - *Ryman Hospitality Properties, Inc. - Executive VP & COO - Hotels*

Yes. We're going to do it in a phased approach. Because we acquired the property on June 30, we do not believe there's time for us to get the property completely ready for an ICE! type programming offering, but we are going to be offering some holiday programming and step up as we move from '23 into '24. We anticipate that by holiday of 2024, we'll have ICE! and the tent and everything all set up. So we're going to give them a little taste of what we're going to be bringing in '24 this year and then in '24 the full complement.

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**Charles Patrick Scholes** - *Truist Securities, Inc., Research Division - MD of Lodging, Gaming and Leisure Equity Research & Analyst*

Okay. And then any other of the entertainment segment programs that you would introduce at that hotel besides ICE!?

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**Patrick Chaffin** - *Ryman Hospitality Properties, Inc. - Executive VP & COO - Hotels*

That's back to Mark's point earlier. That is something that we're studying and looking at and trying to understand what fits best in that market and then that hotel, given the customer base and the opportunities around it.

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**Charles Patrick Scholes** - *Truist Securities, Inc., Research Division - MD of Lodging, Gaming and Leisure Equity Research & Analyst*

Okay. Thanks for your color.

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**Colin V. Reed** - *Ryman Hospitality Properties, Inc. - Executive Chairman*

Thanks Patrick.

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**Operator**

Our next question comes from Chris Woronka, Deutsche Bank.

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**Chris Jon Woronka** - *Deutsche Bank AG, Research Division - Research Analyst*

Hey, good morning guys, thanks for all the details so far. So maybe we can go back to a minute, Colin, your intro comments talked about Rymanizing the JW, which I think is a great term. You guys probably trademark it. But the question is if we were to bucket these at a high level, how much of this is kind of getting a different kind of group in there or versus operational changes, efficiencies versus new revenue streams. I know that's a lot of buckets, but maybe some high-level thoughts on what's the level of difficulty of getting this to the perfect level?

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**Colin V. Reed** - *Ryman Hospitality Properties, Inc. - Executive Chairman*

The short answer is yes, all of the above. Patrick, do you want to just some of the process stuff that we've been working with Marriott on, which is all good. And then how we think about the inducing of new demand into that market.

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**Patrick Chaffin** - *Ryman Hospitality Properties, Inc. - Executive VP & COO - Hotels*

Absolutely. Mark kind of touched on this already. The initial focus right now is on getting new vendor contracts in there, so we can really take advantage of a very similar portfolio and get the economies of scale into whether it be parking contracts, retail contracts, whatever it might be, WiFi, audiovisual contracts, et cetera. And then as we just talked about with Patrick a moment ago, then introducing the holiday programming this year and stepping it up in 2024. Mark alluded to converting space into more revenue generating or getting higher yield out of the spaces that are there today. We think there's sizable ADR opportunities. But to your question specifically, once we get beyond those initial 6- to 18-month short-term opportunities, it's really studying the property and asking ourselves to what level do we want to Rymanize or bring it towards a Gaylord.

The property has tremendous leisure capabilities, and we want to continue to respect that because it drives a tremendous amount of leisure business, but we do believe with the acquisition of this 41 acres, we do believe there's some opportunities for us to look at growing the pool additionally from where it is today as well as potentially some meeting space and additional rooms. And so we already had architects visiting the property and then my team is digging in with the property to start asking ourselves to what level do we think it would make sense to potentially grow this property long term. So that will be ongoing, and we'll be talking about that more in the future. But a lot of short-term things that we're going after and then longer term, figuring out how to maintain the integrity of what this JW has been able to do, but also bring some strength to it from what we know how to do on the group side.

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**Colin V. Reed** - *Ryman Hospitality Properties, Inc. - Executive Chairman*

It's a very successful hotel. Pat, you may want to just touch as well on our thoughts about the overhauling of food and beverage in that hotel as well because we think there's great potential there as well?

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**Patrick Chaffin** - *Ryman Hospitality Properties, Inc. - Executive VP & COO - Hotels*

Yes. I mean you've heard us talking about this over the past 18 to 24 months in the Gaylord Hotels brand. we see food and beverage as an area that continues to emerge as more and more of a differentiator. And we want our attendees and leisure guests to be leaving the hotel saying they had a culinary experience, not just that they got fed. And so we continue to refine what we're doing on the banqueting side. And like the Gaylords, we think the JW Hill Country has some potential upside in the type of offering they have on the food and beverage restaurant perspective, the number of seats they have and just the innovation and creativity around those concepts. We're going to be digging into that. We think there's substantial opportunity there.

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**Chris Jon Woronka** - *Deutsche Bank AG, Research Division - Research Analyst*

Okay. Very helpful. Appreciate all the color there. And then as a follow-up, a lot of talk about expansion, right? And I think a lot of people first go to Rockies and then they think about the JW now. But I was hoping to kind of go back to Nashville and it may seem like a silly question because you've got 2,900 rooms and more if we include the Inn across the street. But I know at one time, you had talked about doing a different kind of hotel, for family oriented or up luxury hotels, something like that. So any thoughts on just the Opryland itself? I mean, is that possible for expansion at some point?

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**Colin V. Reed** - *Ryman Hospitality Properties, Inc. - Executive Chairman*

The answer to the question is yes. And again, here's the reason why we don't expand because we wake up one day and say, you know what it would be nice to expand. We expand because we induce demand. And then when we cannot fulfill that demand, that's what triggers it. And so we were ready to pull the plug on an expansion, which was going to be in rooms expansion and meeting space expansion back in 2019 because as we were looking into '20 before COVID, this hotel as you quite rightly say, almost 3,000 rooms was our pro formas for that year for '20 had us operating over 80% in occupancy.

And so very efficient deployment of capital to generate really, really good returns. Now as our business is building back and the other thing that's going on here, of course, in Nashville is the halo of the city is getting stronger and stronger. The group segment in overall in Nashville is growing, but leisure is really growing. So the answer to your question is, yes, we're looking at this. We're looking at complete re-overhaul on food and beverage in this hotel, major investments on food and beverage, major investment on potentially a big sports bar here. And we are also looking at potentially expanding both rooms and group space.

**Mark Fioravanti** - *Ryman Hospitality Properties, Inc. - President, CEO & Director*

Chris, if you look across our portfolio, we're extremely fortunate in that we are in markets where those markets are continuing to grow economically. And they're business friendly, frankly, whether it's whether it's Texas or whether it's Nashville, Orlando, Denver, these are all markets that are long term appear to be a very, very strong group and leisure markets.

**Patrick Chaffin** - *Ryman Hospitality Properties, Inc. - Executive VP & COO - Hotels*

And let me just put a fine point on Opryland, Chris, because we are very excited about what we can do there. Opryland is coming up on 50 years here pretty soon as far as how long it's existed. And when Opryland was built and the first few expansions that went through, the focus and the needs of the customer was more towards exhibit halls. And Opryland has done phenomenal job with the space that they have, but they've been at somewhat of a disadvantage in terms of premium carpeted space per guest room that's available to the meeting planner.

And so as we look at the opportunities, we think there's an opportunity to rebalance the type of groups going into this hotel by adding potentially more carpeted space and giving Opryland a little bit more of a more level playing field with its sister hotels, and we think that creates substantial upside for the hotel.

**Chris Jon Woronka** - *Deutsche Bank AG, Research Division - Research Analyst*

Okay. outstanding, very helpful. Thanks.

**Colin V. Reed** - *Ryman Hospitality Properties, Inc. - Executive Chairman*

Travis, we'll do a couple more questions, and then we'll shut it down and let people get on with their life.

**Operator**

Our next question comes from Dori Kesten, Wells Fargo.

**Dori Lynn Kesten** - *Wells Fargo Securities, LLC, Research Division - Senior Analyst*

Thanks, good morning, can you talk about the Q2 bookings that you have at $650 million. Is there anything notable between corporate association, SMERF, either on demand or rate?

**Patrick Chaffin** - *Ryman Hospitality Properties, Inc. - Executive VP & COO - Hotels*

Hi Dori, it's Patrick. Good to hear from you. Yes, the Q2 bookings, there's a couple of things that stand out to me. Number one, to your point, the rate, we saw really, really strong bookings in terms of rate. And again, like I was alluding to earlier, really, really strong growth on the corporate sector. One of the things that is most encouraging to me is over the past 18 months or so, we've been talking a lot about the growth in the funnel and the lead volume funnel for the current in-the-year for-the-year business as well as T1, T2 and T3. We are starting to see a lot of substantial growth in the funnel for T plus 4 and beyond. The reason that's encouraging to us is we were definitely meeting our short-term needs, but because of the amount of re-bookings that we did, we had concerned that maybe we had skipped a booking cycle with some of the association groups that book out further. And we're now seeing that longer-range booking window really start to fill back up from a funnel perspective.

And so we're really pleased with the bookings that we had and the rate and the mix of business, but we're even more excited by the fact that the funnel is really filling back up for that long-term business, and it just gives us more confidence that as we talk about these CapEx investments, we're getting more visibility and greater opportunities to really fill up the book of business for the future.

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**Dori Lynn Kesten** - *Wells Fargo Securities, LLC, Research Division - Senior Analyst*

Okay. And then I guess one more thing on ICE!, and I apologize if I missed this. Historically, have you found that your ICE! guest is a repeat guest from the summer?

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**Patrick Chaffin** - *Ryman Hospitality Properties, Inc. - Executive VP & COO - Hotels*

From a summertime perspective, the local traveler, I would say, yes, because you have a great example is a lot of the guests that are coming to Opryland to go to SoundWaves are then returning to come back and do the holiday programming in ICE! around Christmas time. The regional traveler, it's more of a onetime a year type tradition for them because there's just not a whole lot of options for them at the holidays. So I would say the local traveler is a repeat customer. The regional traveler is more of a once a time come in, bring the whole family. This is where they all gather for the holidays.

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**Operator**

Final question comes from Shaun Kelley, Bank of America

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**Shaun Clisby Kelley** - *BofA Securities, Research Division - MD in Americas Equity Research & Research Analyst*

Hi, good morning everyone, thanks for putting me on here. So Colin, Patrick, just maybe first off, as we think about the development plans or the CapEx side and the $1 billion that you laid out, Colin. Do we have any more precision around kind of ground breaks, particularly the Rockies? Just trying to think through the timing here and the cadence because I know those have been on the radar screen for a while, is now the right time to start to get there given where the portfolio is at in its recovery. And that something we're going to get more explicit color on it at some point in the near or medium term?

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**Colin V. Reed** - *Ryman Hospitality Properties, Inc. - Executive Chairman*

Yes. Good question. The answer is we're going through that process with our Board first, which Mark and I, as I said, he and I will be starting that process on next Thursday morning with our Board of Directors. Patrick and his team have been working their tails off over the last 6 months, literally looking at, as I said, somewhere between 15 and 20 projects. And by the way, this does not include the regular scheduled room refurbs. The $1 billion basically is raffle of magnitude are really new projects that we're looking at. But the process is the way we want to go through this is over the next 2, 3 months to refine that plan with our Board, get confident with each of the markets that we're going to deploy capital in build the cadence of that. And then Mark and Jen have been figuring out a time for us to do a really high-quality IR Investor Day in Nashville, and we're thinking we were trying to get it done before the holidays, but with everything that we've got scheduled, that's going to be impossible.

But I think Jen and Mark, you're thinking now sort of late January, early February type time frame. And what we would be doing then, I think, Shaun, is laying out these are the projects that we really like. These are the markets that we will be deploying capital in, and this will be the order of play. And I suspect, though, between now and that Investor Relations Day, IR Day, we may pull the trigger on 1 or 2 of these, Patrick, that are really high priority for us.

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**Patrick Chaffin** - *Ryman Hospitality Properties, Inc. - Executive VP & COO - Hotels*

Yes. And just to your question, we continue to be very interested in the long-term plans for expansion at Rockies. I would remind you that we're in the midst of some pretty substantial investment right now. The Grand Lodge or what you'd call an Atrium and one of our other hotels is currently under full renovation, and it's going to completely transform that area into really the hub of the hotel as well as the addition of a new group Pavilion outside. So from a cadence perspective, I really can't get going on the expansion until we got some of these other projects done. So we remain very interested in that, but we're just trying to make sure that we go about it in an appropriate process.

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**Colin V. Reed** - *Ryman Hospitality Properties, Inc. - Executive Chairman*

Yes. I think you talked about the Rockies Shaun, but I think, Mark, our appetite at that hotel is only sort of strengthened over the last year or 2, it hasn't waned at all. COVID hasn't sort of given us any thoughts of should we deemphasize room expansions. We're very excited about the Rockies.

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**Mark Fioravanti** - *Ryman Hospitality Properties, Inc. - President, CEO & Director*

When you look at the rebooking characteristics of that coming out of COVID it was strongest in the brand.

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**Colin V. Reed** - *Ryman Hospitality Properties, Inc. - Executive Chairman*

Yes. Well over 75%, right, that's very good. Shaun, any other questions?

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**Shaun Clisby Kelley** - *BofA Securities, Research Division - MD in Americas Equity Research & Research Analyst*

Yes. Just one more, Mark, sorry, I didn't mean to leave your name out of there on my first list. But just big picture, and this is not meant to sound greedy or unthankful because I actually think the whole country asset is a fantastic addition. But sort of your very high-level question to maybe wrap up would be, are there more Hill Country's out there? I mean clearly, this is something you've underwritten on time and again, but yet for probably many of us in the investment community, it's always still a little bit of like aha like it's kind of hidden in plain sight. So without naming names, because obviously, that does not want to benefit. But do you think there are more opportunities of similar scope and scale, $500 million-plus big assets that could be impactful to the portfolio that look or feel like this because it does feel to be at least absolutely spot on for probably what you're looking to do for the portfolio?

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**Mark Fioravanti** - *Ryman Hospitality Properties, Inc. - President, CEO & Director*

Yes. I think the general answer to the question is yes, but it is a short list. And to your point, our focus around acquisitions has been we want to buy things that check every box for us. we have a very specific focused strategy, as Colin outlined at the beginning of the call. And any hotels that we bring to our portfolio, we want them to be consistent with that strategy and ultimately be able to drive value not only at that property level but also be able to drive value across the portfolio. That's the critical thing for us.

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**Shaun Clisby Kelley** - *BofA Securities, Research Division - MD in Americas Equity Research & Research Analyst*

Thank you very much.

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**Colin V. Reed** - *Ryman Hospitality Properties, Inc. - Executive Chairman*

Thanks Shaun. Okay, Travis, thank you. And for the investors that have been on this morning, thank you for your time and effort. If you have any other questions, you know how to get hold of us here and upward and onward. We've got an exciting company on our hands and we expect to create tons of value here over the years ahead. So thank you, everyone.

**Operator**

This does conclude today's program. Thank you for your participation. You may disconnect at any time.

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