

Hilton Worldwide

2024 Analyst Day Preview: For the stay
(and the buybacks)

Maintain Rating: BUY | PO: 215.00 USD | Price: 204.19 USD

Analyst Day Preview: Our 3-year outlook expectations

Hilton Worldwide (HLT) will host its first Analyst Day since 2016 on 3/19 in Washington DC. Similar to last time and peers, we expect Hilton to lay out its medium term strategy as well as 3-year financial scenarios including fees, RevPAR, adj. EBITDA, EPS and free cash flow. We expect Hilton to compound fees at +8-10% through 2026 leading to ~\$4B of fees, >\$4B of EBITDA and approaching \$10/share in EPS.

Focus: Development wins and non-RevPAR fees above algo

We expect a less aggressive RevPAR guide than [Marriott \(see report\)](#) or [Hyatt \(see report\)](#), likely in-line with [the 2-4% outlined at 4Q \(see report\)](#). As such, Net Unit Growth (NUG) will be in focus as to whether HLT can 1) maintain its 5.5-6% range beyond 2024, or 2) possibly accelerate back to their LT average of +6-7%, which to us would be a significant positive given low US supply. We expect more details on NUG drivers incl. RevPAR premium, brand launches (incl. Spark), conversions and maybe partnerships like SLH. We also expect detail on non-RevPAR fees, esp. timeshare, services and credit card.

Margins, conversion and \$10B of capital returns

Since 2017, HLT has expanded EBITDA margins by 14.5pp from 55.5% to 70% and we expect expense leverage to continue at the rate of 100-200bps per year. HLT may comment on its G&A expectations, and expense and capital allocation discipline are hallmark of HLT's management team. HLT may give more color on growth capital investments (key money), which are usually a strong suit for HLT given its limited service focus. And we expect an update on capital returns which we think reaches \$10B cumulative in the next 3 years equal to 18% of market cap.

The valuation debate: Absolutely expensive, relatively fair

Valuation remains the primary [pushback on HLT and Lodging C-Corps \(see our recent Bull-Bear Debate report\)](#) and HLT is now in the upper range of its historical valuation. However, its relative value to both the broader market and other "compounding" stocks remains in-line with historical averages, and surprisingly, shares (historically) have tended to trade more sideways than underperform the market dramatically after big re-ratings and periods of outperformance. Maintain Buy.

Estimates (Dec) (US\$)	2022A	2023A	2024E	2025E	2026E
EPS	4.89	6.37	7.12	8.45	9.82
GAAP EPS	4.53	4.48	6.89	8.24	9.59
EPS Change (YoY)	135.1%	30.3%	11.8%	18.7%	16.2%
Consensus EPS (Bloomberg)			7.09	8.21	9.28
DPS	0.60	0.60	0.60	0.60	0.60
Valuation (Dec)					
P/E	41.8x	32.1x	28.7x	24.2x	20.8x
GAAP P/E	45.1x	45.6x	29.6x	24.8x	21.3x
Dividend Yield	0.3%	0.3%	0.3%	0.3%	0.3%
EV / EBITDA*	25.6x	21.5x	19.7x	18.1x	16.5x
Free Cash Flow Yield*	3.1%	2.8%	3.7%	4.1%	4.5%

* For full definitions of *IQmethod*SM measures, see page 10.

12 March 2024

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Stock Data

Price	204.19 USD
Price Objective	215.00 USD
Date Established	7-Feb-2024
Investment Opinion	B-1-7
52-Week Range	129.86 USD - 206.65 USD
Mkt Val (mn) / Shares Out (mn)	51,489 USD / 252.2
Free Float	98.3%
Average Daily Value (mn)	316.18 USD
BofA Ticker / Exchange	HLT / NYS
Bloomberg / Reuters	HLT US / HLT.N
ROE (2024E)	NA
Net Dbt to Eqty (Dec-2023A)	NA
ESGMeter™	High

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to ["BofA ESGMeter Methodology"](#).

SLH – Small Luxury Hotels of the World

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Timestamp: 12 March 2024 05:00AM EDT

iQprofileSM Hilton Worldwide

iQmethodSM – Bus Performance*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Return on Capital Employed	11.5%	13.8%	16.6%	18.7%	20.5%
Return on Equity	NM	NM	NM	NM	NM
Operating Margin	57.1%	59.0%	61.9%	63.6%	65.3%
Free Cash Flow	1,579	1,466	1,903	2,109	2,307

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash Realization Ratio	1.2x	1.0x	1.2x	1.2x	1.2x
Asset Replacement Ratio	0.6x	1.8x	2.4x	2.5x	2.6x
Tax Rate	27.5%	31.3%	29.8%	28.5%	28.5%
Net Debt-to-Equity Ratio	NM	NM	NM	NM	NM
Interest Cover	5.1x	5.6x	5.7x	5.8x	5.6x

Income Statement Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Sales	3,736	4,408	4,809	5,162	5,538
% Change	52.9%	18.0%	9.1%	7.3%	7.3%
Gross Profit	NA	NA	NA	NA	NA
% Change	NA	NA	NA	NA	NA
EBITDA	2,599	3,089	3,369	3,675	4,017
% Change	59.5%	18.9%	9.1%	9.1%	9.3%
Net Interest & Other Income	(399)	(870)	(521)	(571)	(644)
Net Income (Adjusted)	1,357	1,676	1,773	1,982	2,166
% Change	132.4%	23.5%	5.8%	11.8%	9.3%

Free Cash Flow Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Net Income from Cont Operations (GAAP)	1,255	1,179	1,716	1,932	2,115
Depreciation & Amortization	162	147	115	114	114
Change in Working Capital	66	277	35	35	35
Deferred Taxation Charge	34	(55)	142	130	143
Other Adjustments, Net	164	179	169	180	191
Capital Expenditure	(102)	(261)	(273)	(282)	(291)
Free Cash Flow	1,579	1,466	1,903	2,109	2,307
% Change	NM	-7.1%	29.8%	10.8%	9.4%
Share / Issue Repurchase	(1,590)	(2,306)	(2,850)	(3,200)	(3,200)
Cost of Dividends Paid	(123)	(159)	(149)	(141)	(132)
Change in Debt	(25)	251	950	900	1,200

Balance Sheet Data (Dec)

(US\$ Millions)	2022A	2023A	2024E	2025E	2026E
Cash & Equivalents	1,286	492	346	14	189
Trade Receivables	1,584	1,705	1,705	1,705	1,705
Other Current Assets	NA	NA	NA	NA	NA
Property, Plant & Equipment	280	434	908	1,391	1,883
Other Non-Current Assets	12,362	12,330	12,007	11,684	11,361
Total Assets	15,512	14,961	14,966	14,794	15,138
Short-Term Debt	39	37	37	37	37
Other Current Liabilities	2,223	2,336	2,336	2,336	2,336
Long-Term Debt	8,708	8,982	9,932	10,832	12,032
Other Non-Current Liabilities	5,640	5,888	6,065	6,230	6,408
Total Liabilities	16,610	17,243	18,370	19,435	20,813
Total Equity	(1,098)	(2,281)	(3,404)	(4,641)	(5,675)
Total Equity & Liabilities	15,512	14,961	14,966	14,794	15,138

* For full definitions of iQmethodSM measures, see page 10.

Company Sector

Lodging

Company Description

Hilton Worldwide (ticker: HLT) is one of the largest hotel owners/operators in the world with over 5,600 properties and over 912,000 rooms in 113 countries and territories across 16 major brands. The company maintains a diverse mix of globally recognized brands such as the Waldorf Astoria, Conrad, Hilton, Embassy Suites, Doubletree, Hilton Garden Inn and Hampton Inn.

Investment Rationale

We view Hilton as a best-of-breed C-Corp with a capital-light model driven by RevPAR upside, solid net unit growth, increasing capital returns, and best-in-class management.

Stock Data

Average Daily Volume 1,548,457

Quarterly Earnings Estimates

	2023	2024
Q1	1.25A	1.41E
Q2	1.62A	1.86E
Q3	1.68A	1.95E
Q4	1.83A	1.91E

Preview: Our 3-year outlook expectations

Exhibit 1: In 2016, Hilton shares underperformed on the Analyst Day but outperformed nicely right after

Hilton stock performance relative to the S&P 500 and other Lodging C-corps

2016 Analyst Day	HLT	vs. Peers	vs. S&P 500
Analyst Day	-2.96%	-266	-317
1 Day Post	1.07%	94	47
5 Days Post	0.53%	-71	-60
10 Days Post	5.56%	375	484

Source: BofA Global Research, Bloomberg

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Exhibit 2: Longer term, Hilton and Lodging C-corps have meaningfully outperformed the broader market

Long-term stock performance (%)

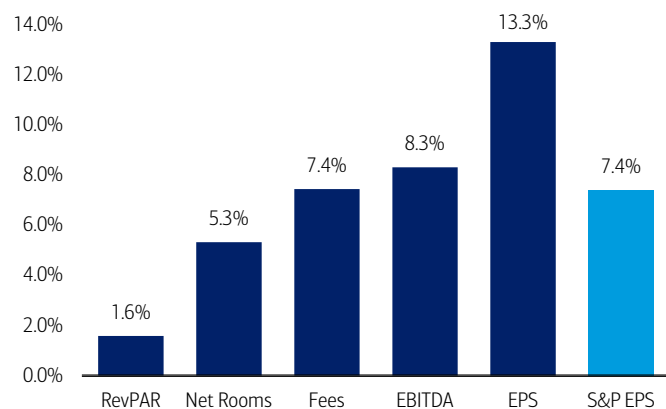
	1-Year	3-Year	5-Year	10-Year
Hilton (HLT)	41%	65%	85%	346%
Lodging C-Corps	23%	47%	51%	259%
Lodging REITs	13%	-5%	-16%	20%
Restaurant Franchisors	10%	35%	42%	181%
Large Cap Cruise	63%	-1%	-37%	39%
Consumer Discretionary	29%	12%	47%	177%
S&P 500	30%	31%	59%	176%
RMZ	3%	3%	-4%	26%

Source: BofA Global Research, Bloomberg

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Exhibit 3: Hilton compounded fees at 7% since 2018 despite travel disruption from the pandemic, and EPS +13%, above the S&P's +7%

Hilton Growth Algorithm Metrics (CAGR 2017-2023)



Source: BofA Global Research estimates, company documents, Bloomberg

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Exhibit 4: We think Hilton lays out a path to nearly \$4B of fees, over \$4B of EBITDA and nearly \$10/share of EPS by 2026E

Hilton growth metrics and our 2025 target expectations

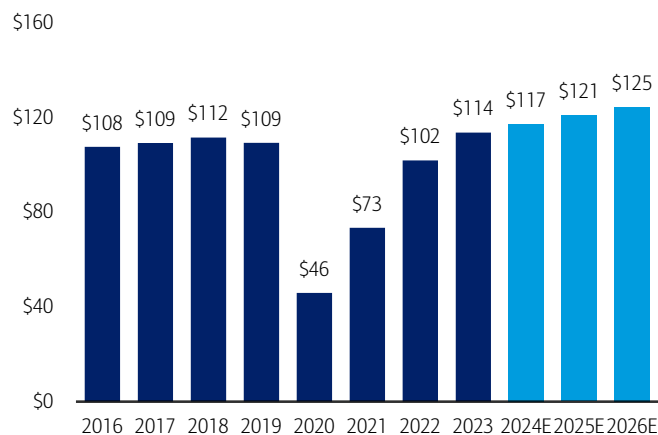
	2018-2023	2023-2026E	2024E-2026E	2026 Target
RevPAR	1.6%	3.1%	3.0%	\$125
Net Rooms	5.3%	5.7%	5.7%	1.40
Fees	7.4%	9.5%	9.0%	\$3,925
EBITDA	8.3%	9.3%	9.4%	\$4,035
EPS	13.3%	15.3%	18.0%	\$9.76
S&P EPS	7.4%	10.9%		

Source: BofA Global Research estimates

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Exhibit 5: Hilton's systemwide RevPAR exceeded prior peak

Hilton Systemwide RevPAR (in Dollars)

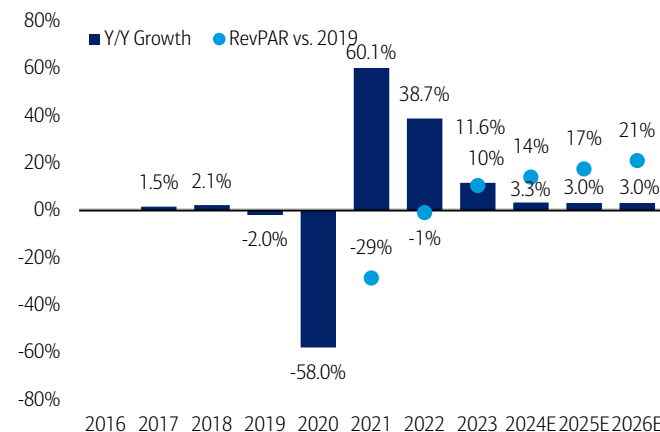


Source: BofA Global Research estimates, company documents

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Exhibit 6: We think 2024-2026 RevPAR will return to a low single-digit pace of growth

Hilton systemwide RevPAR growth (Y/Y and vs. 2019)



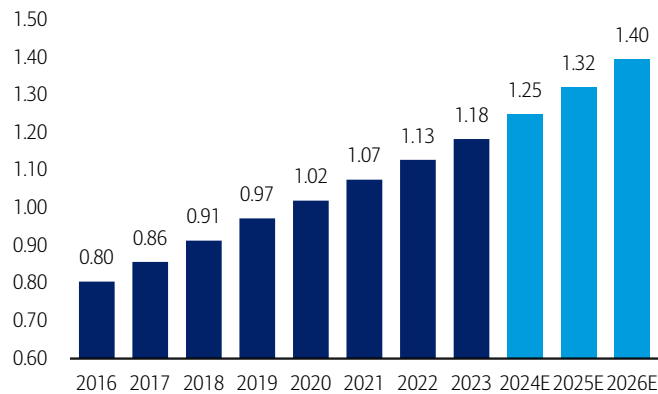
Source: BofA Global Research estimates, company documents

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Exhibit 7: Hilton is steadily growing its system over the last cycle

Hilton systemwide rooms (in millions)

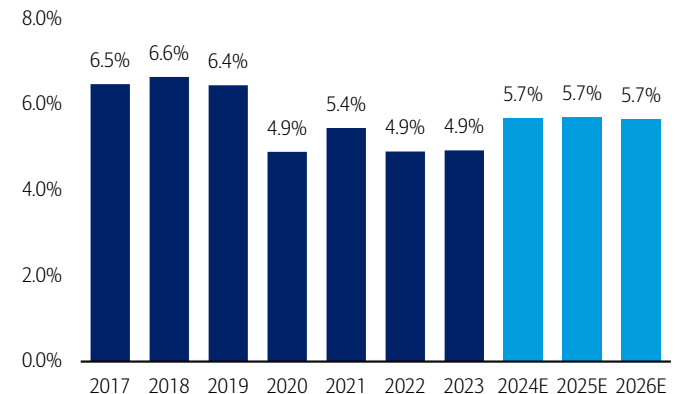


Source: BofA Global Research estimates, company documents

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Exhibit 8: We think Hilton's unit growth accelerates from 2023's 4.9%

Hilton systemwide net unit growth (Y/Y)

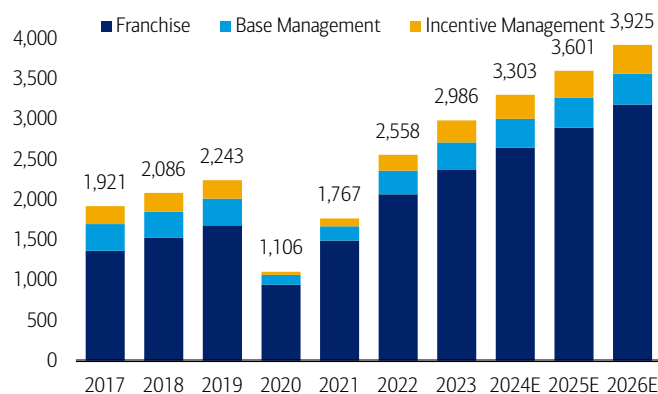


Source: BofA Global Research estimates, company documents

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Exhibit 9: Hilton's fees recovered by 2022, more than 12 months before RevPAR

Hilton fee growth and mix

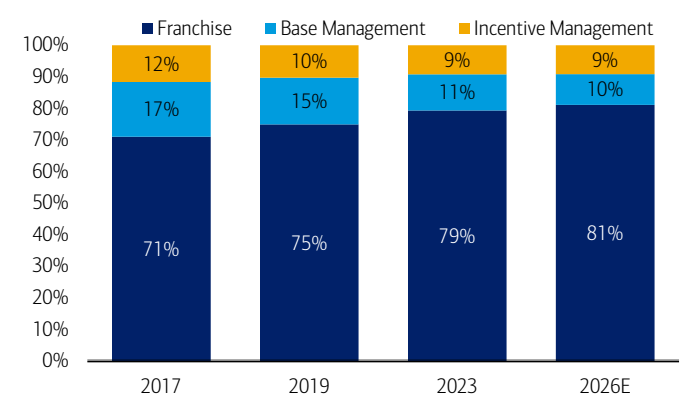


Source: BofA Global Research estimates, company documents

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Exhibit 10: Hilton's lower volatility franchise fee mix has been consistently increasing over time

Hilton fee mix progression

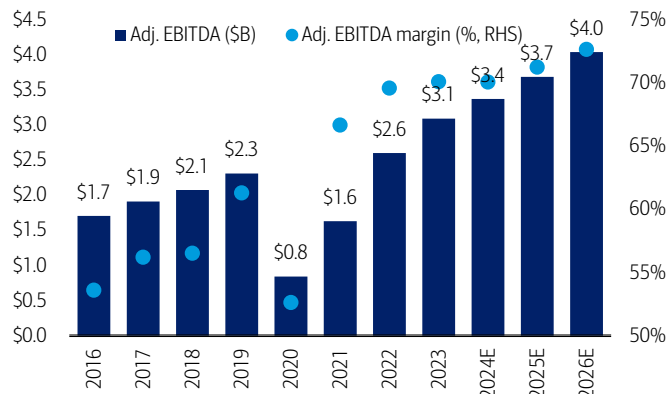


Source: BofA Global Research estimates, company documents

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Exhibit 11: We estimate Hilton will achieve \$4B of EBITDA by 2026

Hilton Adj. EBITDA (\$B) and EBITDA Margin

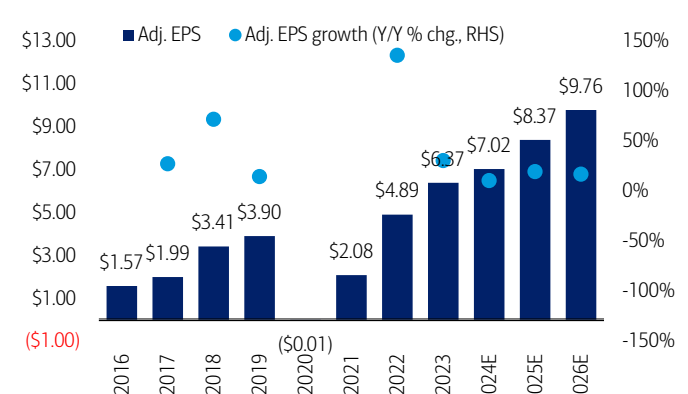


Source: BofA Global Research estimates, company documents

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Exhibit 12: We think Hilton will grow EPS to \$9.76/share by 2026

Hilton Adj. EPS (\$/share) and EPS Growth

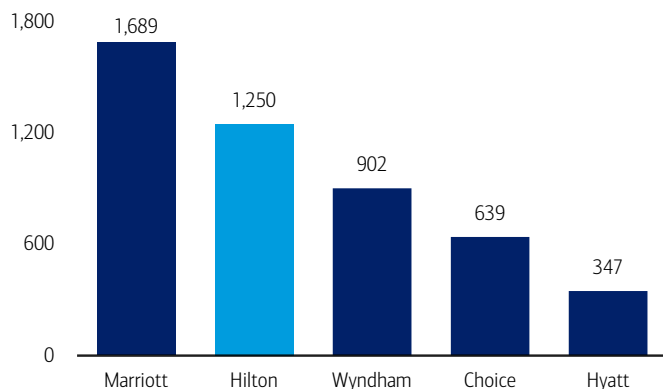


Source: BofA Global Research estimates, company documents

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Exhibit 13: At 1.25M rooms, Hilton has nearly 40% more rooms than its next closest competitor

Lodging C-corp global systemwide rooms

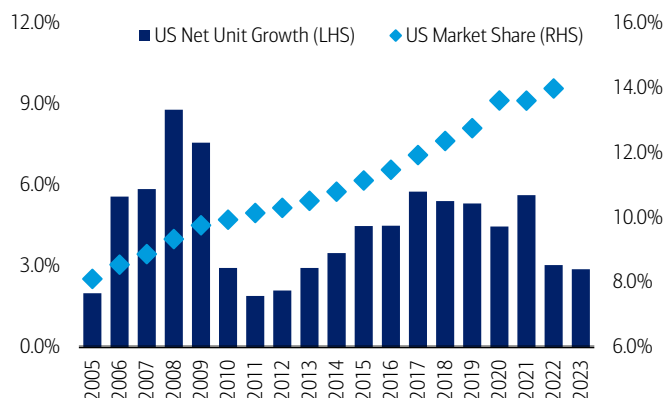


Source: BofA Global Research estimates, company documents

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Exhibit 15: Since 2005, Hilton has organically grown domestic units at +4.4% CAGR and has nearly doubled market share to 14.3%

Hilton US net unit growth and market share (%)



Source: BofA Global Research, company documents, STR Global

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Exhibit 17: Hilton's Home2 has been the industry pipeline leader for several years, with the top 10 Hilton brands making up nearly 23% of the total domestic pipeline

Top 10 Hilton brands currently in the domestic pipeline

Domestic Ranking	Chain Affiliation	Rooms under contract	Percent of industry pipeline
1	Home2 Suites by Hilton	60,538	8.3%
4	Hampton by Hilton	28,189	3.9%
8	Tru by Hilton	21,729	3.0%
10	Homewood Suites	15,501	2.1%
17	Hilton Garden Inn	10,847	1.5%
24	Tribute Portfolio	6,275	0.9%
25	Tapestry Collection	5,913	0.8%
26	Embassy Suites	5,705	0.8%
27	Tempo	5,656	0.8%
35	Hilton	3,774	0.5%
Hilton Top 10 Brands		164,127	22.6%

Source: BofA Global Research, STR Global

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Exhibit 14: Hilton has nearly 6% of global room share at above average fee per room relative to peers

Lodging C-corp metric comparisons

	Marriott	Hilton	Wyndham	Choice	Hyatt
RevPAR	\$129.49	\$117.40	\$50.82	\$55.64	\$146.37
Systemwide rooms	1,689,490	1,250,027	902,343	639,315	347,343
Global share (rooms)	7.6%	5.6%	4.2%	3.0%	1.7%
Global share (revenues)	10.7%	7.2%	2.0%	1.9%	2.6%
Fees	\$5,170	\$3,349	\$819	\$712	\$1,264
Fees/Room	\$3,164	\$2,717	\$908	\$1,114	\$3,780
G&A	1,028	422	223	207	430
G&A/Room	\$608	\$338	\$247	\$323	\$1,239
EBITDA	\$4,941	\$3,369	\$678	\$592	\$1,200
Margin	75%	70%	81%	73%	35%

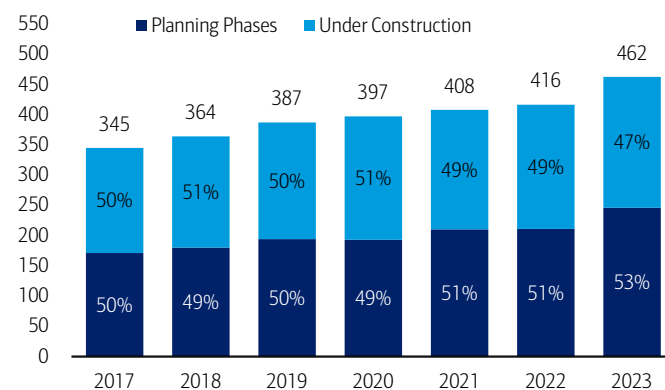
Note: Fee per room metric is based on managed and franchised rooms only, excluding owned & leased rooms

Source: BofA Global Research estimates, company documents

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Exhibit 16: Hilton has 462K rooms in its global pipeline, with 47% of those rooms under construction as of 4Q23

Hilton global system pipeline by phase

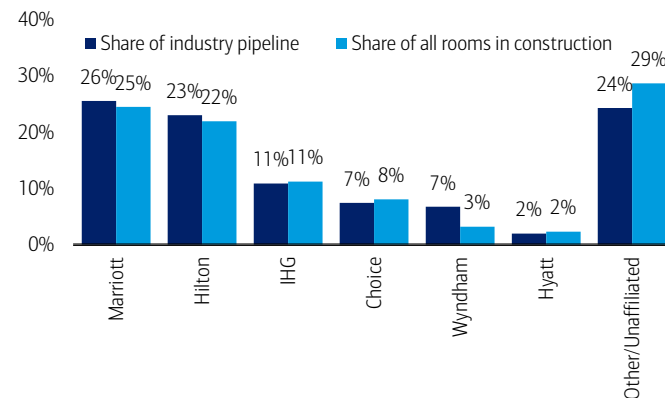


Source: BofA Global Research, company documents

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Exhibit 18: Hilton and Marriott are 47% of all US rooms in construction and 49% of the total industry pipeline

Share of industry pipeline and rooms in construction by company

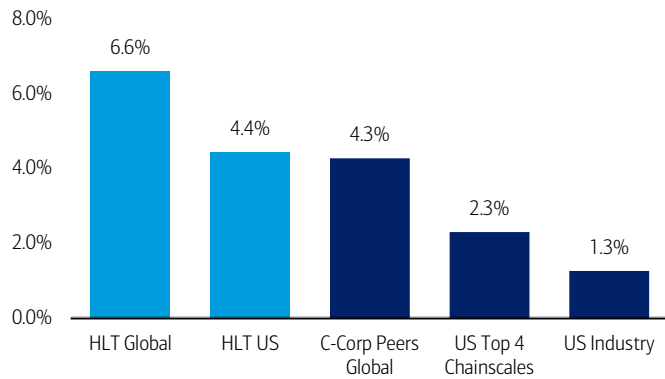


Source: BofA Global Research, STR Global

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Exhibit 19: Hilton delivered a +6.6% global net unit growth CAGR since 2004, well ahead of the US industry and targeted chainscales

Net unit growth and supply growth CAGR (2002-2023)

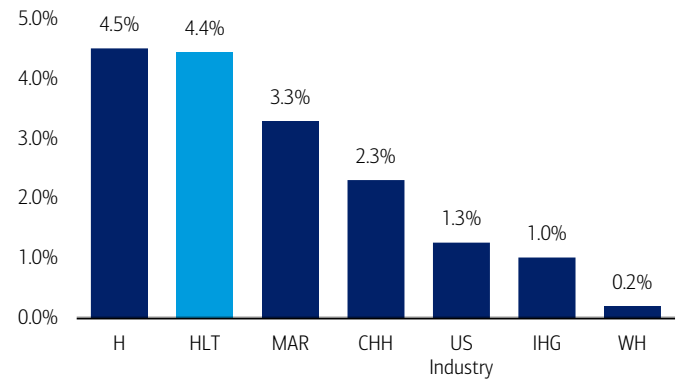


Source: BofA Global Research, company documents, STR Global

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Exhibit 20: Hilton's domestic net unit growth is nearly the highest despite being over 5x larger than the fastest growing competitor

Domestic net unit growth CAGR by C-corp (2004-2023)

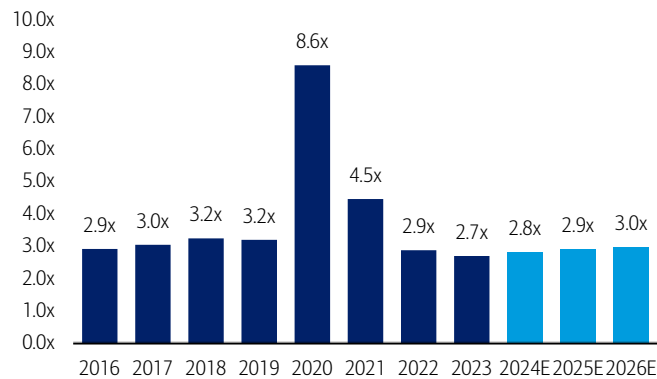


Source: BofA Global Research, company documents, STR Global

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Exhibit 21: We estimate Hilton can return nearly \$10B over the next three years while remaining below target leverage (3.0-3.5x)

Hilton net leverage (net debt to EBITDA)

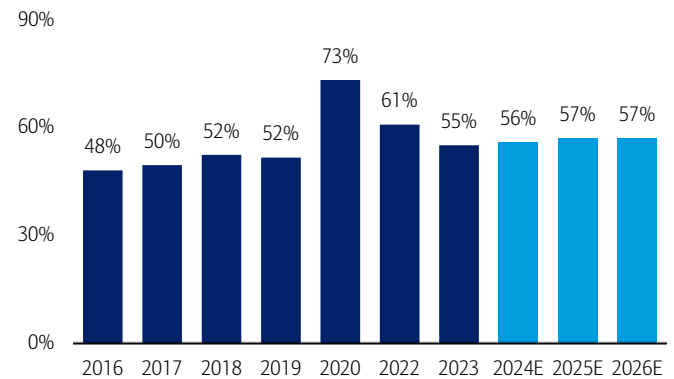


Source: BofA Global Research estimates, company documents

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Exhibit 22: Hilton's free cash flow conversion has steadily improved and is approaching 60%

Hilton free cash flow conversion from Adj. EBITDA (%)

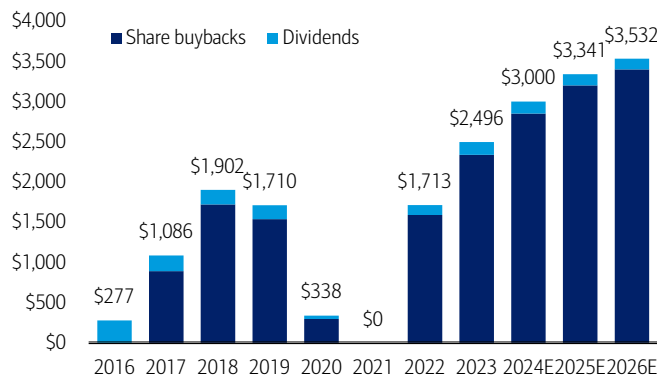


Source: BofA Global Research estimates, company documents

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Exhibit 23: We estimate Hilton can return ~\$10B to shareholders between 2024-2026

Hilton 2016-2026E capital returns (\$M)

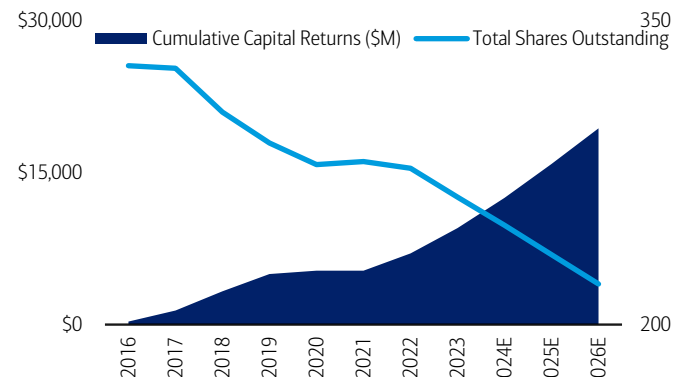


Source: BofA Global Research estimates, company documents

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Exhibit 24: We estimate HLT will return nearly \$20B over 11 years vs. its current market cap of \$51B and reducing share count by -33%

Hilton cumulative capital returns (\$M)

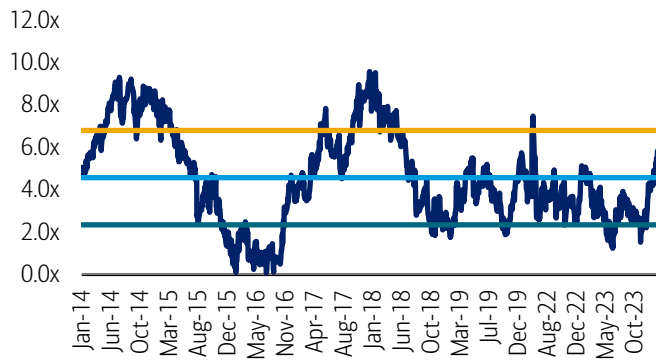


Source: BofA Global Research estimates, company documents

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Exhibit 25: At a 5.6x premium to the S&P 500 P/E, the group is above the 4.6x LT average but inside 1 standard deviation (6.8x premium)

P/E Multiple Premium to the S&P 500

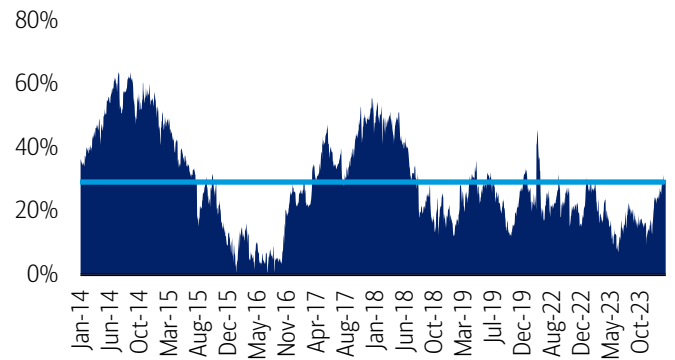


Source: Company filings, BofA Global Research estimates, Bloomberg

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Exhibit 26: The group is trading at a +30% premium to the S&P 500, dead in-line with its long-term average

Multiple Premium % Relative to the S&P 500

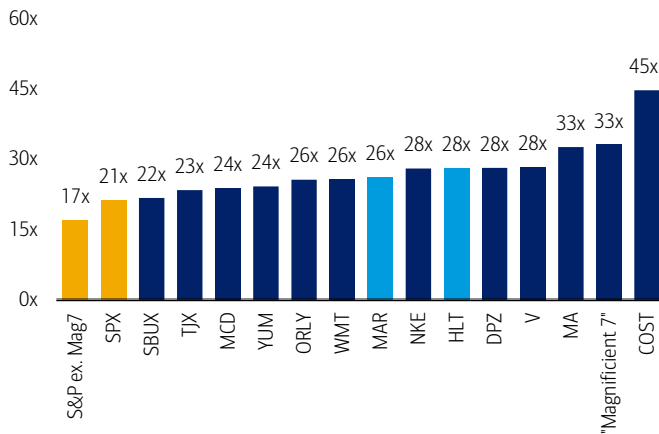


Source: Company filings, BofA Global Research estimates, Bloomberg

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Exhibit 27: Hilton and other Lodging C-corps are smaller in size, though comparable in growth and more profitable than peers

Lodging C-Corp vs. Consumer: Compounding wins

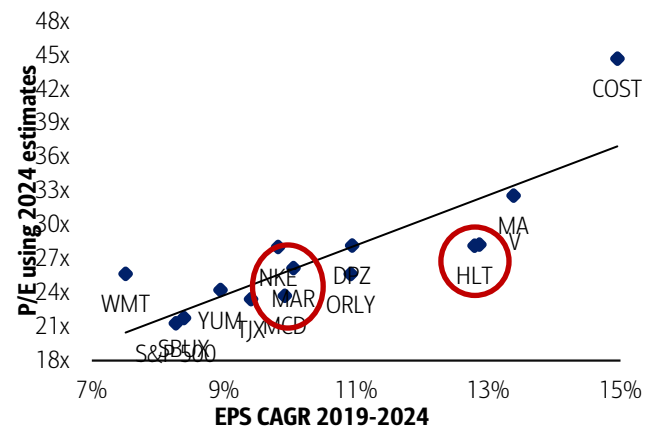


Source: Company filings, Bloomberg

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Exhibit 28: In the context of global consumer compounding companies, Marriott and Hilton valuations are attractive/below trendline

Lodging C-Corp vs. Consumer: P/E vs. Growth

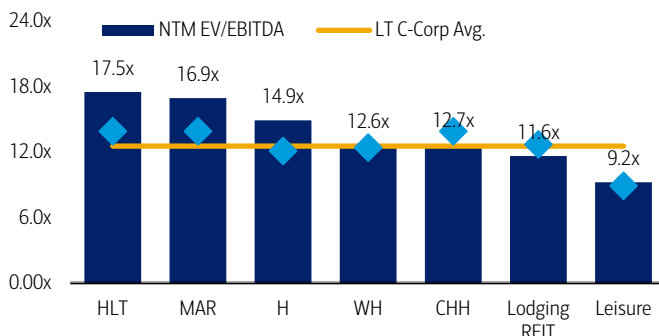


Source: Company filings, Bloomberg

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Exhibit 29: Hilton currently trades at premiums to its LT multiple and other Lodging/Leisure sub-sectors

EV/EBITDA valuation multiples vs. LT History

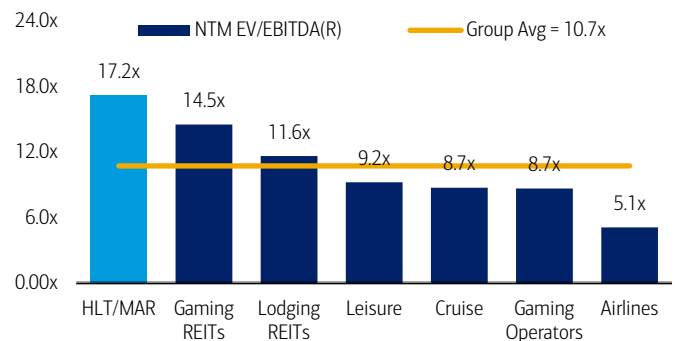


Source: Company filings, BofA Global Research estimates, Bloomberg

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Exhibit 30: Hilton trades at premiums to all other sub-sectors of Lodging and Leisure

EV/EBITDA valuation Multiples vs. Peer Groups



Source: Company filings, BofA Global Research estimates, Bloomberg

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Exhibit 33: Hilton Peak Cycle Sensitivity

Blending mid/peak multiples on peak earnings can drive HLT shares to \$220+

Hilton (HLT) Valuation Scenarios

Multiple:	Midcycle	Peak	Peak	
Earnings:	Peak	Midcycle	Peak	
EBITDA Valuation				Average:
Multiple	14.5x	17.5x	17.5x	16.5x
EBITDA	\$3,807	\$3,514	\$3,807	\$3,709
Implied Px	\$190	\$217	\$239	\$215
P/E Valuation				Average:
Multiple	23.5x	29.5x	29.5x	27.5x
EPS	\$7.71	\$7.71	\$8.87	\$8.10
Implied Px	\$208	\$228	\$262	\$232
Average Px	\$199	\$222	\$250	\$224
Upside	-2%	9%	22%	10%

		Blended Multiple (EBITDA / PE)		
		Trough	Mid	Peak
Earnings	Trough	\$114	\$154	\$194
	Midcycle	\$131	\$177	\$222
	Next Peak	\$148	\$199	\$250

Source: Company filings, BofA Global Research estimates, Bloomberg

BofA GLOBAL RESEARCH

Price objective basis & risk

Hilton Worldwide (HLT)

Our \$215 price objective is based on approximately 17x our 2025E EBITDA forecast, a premium to historical multiples for this type of hotel business given improving share gains and a leaner/more efficient business model that we believe can sustain historically high EBITDA margins. The price objective is also in-line with a midcycle multiple on 2027 earnings discounted back to 2024E.

Downside risks to our price objective are 1) greater-than-expected economic weakness, which may lead to declines in travel demand, 2) greater-than-expected delays in hotel development, which may slow system growth, 3) worse-than-expected consumer spending, which may lead to declines in demand for timeshare product, and 4) acts or threats of terrorism.

Analyst Certification

I, Shaun C. Kelley, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

US - Gaming, Lodging and Leisure Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Boyd Gaming Corp	BYD	BYD US	Shaun C. Kelley
	Choice Hotels International	CHH	CHH US	Dany Asad
	DraftKings, Inc.	DKNG	DKNG US	Shaun C. Kelley
	Hilton Worldwide	HLT	HLT US	Shaun C. Kelley
	Host Hotels & Resorts Inc.	HST	HST US	Shaun C. Kelley
	Hyatt Hotels	H	H US	Shaun C. Kelley
	Marriott International Inc.	MAR	MAR US	Shaun C. Kelley
	Penn Entertainment	PENN	PENN US	Shaun C. Kelley
	Ryman Hospitality Properties	RHP	RHP US	Shaun C. Kelley
	Soho House & Co Inc	SHCO	SHCO US	Shaun C. Kelley
	VICI Properties	VICI	VICI US	Shaun C. Kelley
	Wyndham Hotels & Resorts, Inc.	WH	WH US	Dany Asad
NEUTRAL				
	Apple Hospitality REIT Inc.	APLE	APLE US	Dany Asad
	Caesars Entertainment Inc	CZR	CZR US	Shaun C. Kelley
	Churchill Downs Incorporated	CHDN	CHDN US	Shaun C. Kelley
	Hilton Grand Vacations Inc	HGV	HGV US	Dany Asad
	Las Vegas Sands	LVS	LVS US	Shaun C. Kelley
	MGM Resorts International	MGM	MGM US	Shaun C. Kelley
	Park Hotels & Resorts Inc.	PK	PK US	Dany Asad
	Vail Resorts, Inc	MTN	MTN US	Shaun C. Kelley
	Wynn Resorts Ltd	WYNN	WYNN US	Shaun C. Kelley
UNDERPERFORM				
	DiamondRock Hospitality	DRH	DRH US	Dany Asad
	Gaming & Leisure Properties, Inc.	GLPI	GLPI US	Shaun C. Kelley
	Marriott Vacations Worldwide	VAC	VAC US	Shaun C. Kelley
	Pebblebrook Hotel Trust	PEB	PEB US	Shaun C. Kelley
	Playa Hotels & Resorts	PLYA	PLYA US	Shaun C. Kelley
	Red Rock Resorts, Inc.	RRR	RRR US	Shaun C. Kelley
	RLJ Lodging Trust	RLJ	RLJ US	Dany Asad
	Sportradar Holding AG	SRAD	SRAD US	Shaun C. Kelley
	Summit Hotel Properties	INN	INN US	Dany Asad
	Sunstone Hotel Investors	SHO	SHO US	Dany Asad
	Travel + Leisure Co	TNL	TNL US	Dany Asad



iQmethodSM Measures Definitions

Business Performance

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash & Equivalents

EBIT

Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

Basic EBIT + Depreciation + Amortization

iQmethodSM is the set of BofA Global Research standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and validations. The key features of iQmethod are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize the effectiveness of the comparative valuation process, and to identify some common pitfalls.

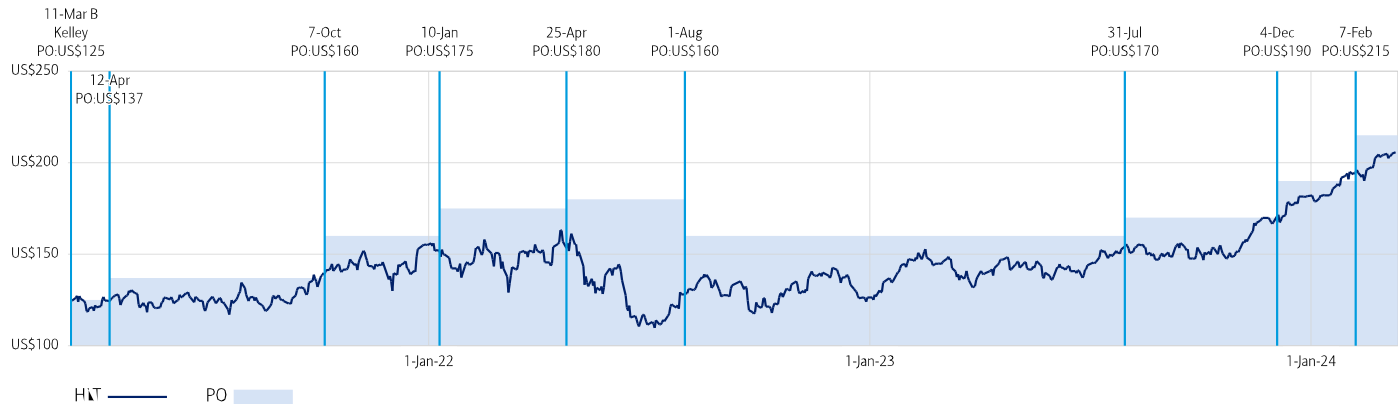
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Important Disclosures

Hilton Worldwide (HLT) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

Equity Investment Rating Distribution: Leisure - Hotel/Lodging Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	16	61.54%	Buy	12	75.00%
Hold	3	11.54%	Hold	2	66.67%
Sell	7	26.92%	Sell	5	71.43%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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