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PRESENTATION

Operator

Welcome to Ryman Hospitality Properties First 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; and Mr. Patrick Chaffin, Chief Operating Officer. This call will be available for digital replay. The number is (800) 757-4768 with no conference ID required. (Operator Instructions)

It is now my pleasure to turn the floor over to Ms. Jennifer Hutcheson. Ma'am, you may begin.

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 any new information, future events, or any other reason. We will also discuss non-GAAP financial measures today. We reconcile each non-GAAP measure to the most comparable GAAP measure in an exhibit to today's release.

I'll now turn over the call over to Colin.

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

Thanks, Jen, and good morning, everyone. As you recall, we exited 2022 on a high note, led by a fantastic fourth quarter response to our holiday programming. Well, I'm pleased to report today that in the first quarter of 2023 our momentum continued with our group business off to a tremendous start.

For the quarter, our consolidated hospitality portfolio achieved 72.3% occupancy and first quarter records for group transient and total ADR as well as total revenue and total adjusted EBITDAre. This is quite a feat and something the overall industry cannot yet boast. It's a testament to our differentiated group focus.

The strategies we have employed and the capital we have invested over the last 3 years, whether it was strengthening our customer relationships, rebooking pandemic cancellations, capturing new group and leisure demand with expanded programming and offerings or improving our operating efficiencies and technology, altogether our strategies and investments elevated our value proposition for group and leisure customers. And this is really what you're witnessing in these results.

Our hotels finished the first quarter strongly with the month of March being the best non-December month for total revenue of all time and March adjusted EBITDAre being the all-time highest of any month, including December. On that note, we are pleased to substantially increase our guidance range for the Hospitality segment for the year, as Mark and Jen will detail. Our strategy over the last 3 years is clearly paying dividends figuratively and literally as I'm also happy to announce our Board has authorized an increase in our quarterly dividend to $1 per share from $0.75.

In our Entertainment business, we're off to an equally impressive start to the New Year. Excluding our acquisition of Block 21 on a same-store basis compared to last year's first quarter, our Entertainment portfolio delivered 33% revenue growth and more than doubled same-store adjusted EBITDAre. Nashville continues to flourish as a destination for all things music and entertainment.

Our assets here set a number of records of their own in the first quarter besides simply total revenue and adjusted EBITDAre. These include record total attendance for the Opry show and record tour attendance for the Opry House as well. The Ryman auditorium also set a record for the number of events. And just as the groups in our hotels are spending well on property, we saw a record per-cap food and beverage revenue at the Opry and the Ryman.

I could go on, but I will stop here and remind you that the work is not finished for this business either. In fact, quite the contrary. We're in the early stages of new growth as illustrated by the progress we're making on building out our new and latest and biggest Ole Red venue in Las Vegas. And we've begun to transform operations on the ground at Block 21 in Austin.

And hopefully, you will see our latest announcement that we did a couple of weeks back when we unveiled our new partnership with country music's biggest sensation today and my buddy Luke Combs. Together with Luke, we will completely reinvent the Wildhorse Saloon in Downtown Nashville, convert it into a multi-level, multi-concept immersive entertainment experience capped by the best-situated rooftop venue in Nashville, all with themes inspired by Luke's music and his passions. Fun times ahead, so stay tuned.

Now Mark, why don't you give the folks an update on the numbers for the quarter.

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

Thanks, Colin. The first quarter was a great way to start a new year especially relative to the last 3. The strong performance we saw across our businesses was more affirming then it was surprising for us given the strategic investments and the work we've done over the last 3 years. We were pleased to see both group and transient contributed to the strong occupancy ADR and total RevPAR results we reported last night.

On the group side, we traveled just over 4% more group room nights in the first quarter of 2019. The occupancy comparison to 2019 was helped by the Rockies as it was in its first quarter of operation after opening in December of 2018. On the other hand, we also have 300 additional rooms in inventory compared to the first quarter of 2019 due to the Palms expansion opening in 2021.

To reach this level of occupancy across the portfolio of our size less than a year after Omicron was impressive and something you still won't find more broadly in our industry. But to post these levels of RevPAR and total RevPAR while not yet exceeding 2019 on occupancy is remarkable. Our ADR and RevPAR posted over 18% growth compared to the first quarter of 2019 and our total RevPAR grew 24.5% against the same period.

By segment, group ADR was up 12.7% and transient ADR was up 39.3%, again compared to the first quarter of 2019 as both segments reached new all-time first quarter records for ADR. This performance came against the not-so-easy macroeconomic backdrop with record inflation and a difficult wage environment compared to 2019.

Yet we executed sharply on our improved operating model delivering over $151 million of adjusted EBITDAre in our Hospitality segment or 33% growth over the first quarter of 2019. This is over 180 basis points of margin improvement to a record first quarter adjusted EBITDAre margin of 35.6% for the segment.

Group outside-the-room spend truly shined this quarter, notably in terms of catering, driven by a favorable mix of corporate group room nights and group spending freely on property. Several hotels set individual monthly catering revenue records in March. In total, food and beverage revenue grew over $44 million or 26% compared to the first quarter of 2019.

And the operational improvements and reconceptings we have accomplished across many of our outlets drove excellent flow through on this revenue stream of close to 47%. Excluding higher cancellation and attrition fee revenues and the lower contribution from Gaylord National bond interest, we drove a total of $79.5 million of incremental operating revenue at 40% flow through over the first quarter of 2019.

This is despite being back in the incentive management fee with Marriott and the material labor expense differential compared to that year. On the strength of this quarter and as we move into the year and gain further visibility, we're pleased to increase our full year guidance ranges for RevPAR and total RevPAR growth as well as adjusted EBITDAre for the Hospitality segment.

We now expect RevPAR growth on a year-over-year basis to be in the range of 11% to 13.5% and total RevPAR growth to be in the range of 8.5% to 10.5%. This is an increase of 175 and 150 basis points at the midpoint, respectively, compared to our initial guidance in February.

We expect full year adjusted EBITDAre for the Hospitality segment to be in the range of $570 million to $600 million, an increase of $20 million at the midpoint. By quarter, we expect the last 3 quarters of the year should each contribute about the same share to their 3 quarter total as the last 3 quarters of both 2019 and 2022 did to theirs. That is the second and fourth quarters should contribute a bit more than 1/3 of the total and the third quarter a bit less.

We continue to see no deterioration in the key leading indicators we track. But of course, we read the same headlines as everyone else, and so we believe we've had an appropriate amount of caution in our near-term views.

Looking beyond 2023, we were also pleased with the group's sales production in the quarter. We booked over 348,000 gross group room nights in the quarter, which while down compared to the first quarter of last year, was up 9% when you back out the Omicron-related re-bookings in last year's first quarter.

As we frequently emphasized, we continue to prioritize ADR in our sales production to capitalize on the favorable supply-demand backdrop in our space. On that front, we were successful yet again in the first quarter with an average rate across all new group bookings of $252, an all-time high for the first quarter, and up 9% to the first quarter of 2022 and 23% to the first quarter of 2019. This ongoing strength in production continues to bolster our confidence for the remainder of 2023 as well as future years.

As of April 1, we had more net group rooms' revenue on our books for the balance of the current year as well as each of the next 4 calendar years from 2024 to 2027 as we did back on April 1 of 2019 for the balance of that year and for the period 2020 through 2023. In short, our hotel business is in the best position it's ever been in terms of total group rooms revenue on the books for all future years, which sets us up to continue driving the profitability of these assets in the years to come.

In addition to our on the books revenue, we also look forward to our current and planned growth capital investments making their own contributions in the years ahead, led by our latest project, the renovation of the Gaylord Rockies Grand Lodge and the construction of a new group pavilion, which we expect to open next year. These types of investments will further differentiate our portfolio compared to the industry as we emerge in the post-pandemic era.

As we finally lap the Omicron impact of the first quarter of last year, we look forward to demonstrating the full year earnings power and growth potential of this great one-of-a-kind portfolio, including the contributions to come from these high-return investments.

In our Entertainment segment, the first quarter performance of our same-store assets that Colin highlighted was another great storyline with the city of Nashville continuing to outdo itself. Adding to the incremental contribution of Block 21 on a consolidated basis, the business generated $67.3 million of revenue and $14.3 million of adjusted EBITDAre compared to $32.8 million and $8.1 million in the first quarter of 2019, respectively.

Given this performance and our current pace for the remainder of the year, we're increasing our guidance for the Entertainment segment profitability to a range of $94 million to $104 million of adjusted EBITDAre, an increase of $7 million at the midpoint compared to our range in February. This represents $41 million more in profitability at the midpoint than this business delivered in full year 2019.

That's a significant amount of growth over a 4-year period interrupted by a pandemic. And as Colin noted, we have more untapped. We're working on some truly exciting opportunities in both our Hospitality and Entertainment businesses, and our balance sheet and liquidity is an important element in allowing us to execute on multiple opportunities at once.

So I'll turn it over to Jennifer to update you on where those stand as well as our dividend and consolidated guidance range.

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

Thank you, Mark. In the first quarter, the company generated total revenue of $491.7 million and net income to common shareholders of $61.3 million or $1.02 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 of the put rights would also result in Atairos' 30% ownership in OEG reverting back to Ryman.

Total consolidated adjusted EBITDAre for the first quarter was $157.7 million, led by the outperformance of both our Hospitality and Entertainment segments, while our Corporate segment remained within our expectations and we are reaffirming our Corporate segment guidance with this release.

Together with the operating segment guidance Mark outlined, this puts our new consolidated adjusted EBITDAre guidance range for the year at $632 million to $675 million or an increase of $27 million at the midpoint compared to our previous guidance. The midpoint also represents a 17.6% increase over 2022 and a 28% increase over 2019 actual results.

We are also increasing our guidance for adjusted funds from operations, or AFFO, for the year to a range of $425 million to $454 million, primarily reflecting the flow-through of the increased adjusted EBITDAre. At the midpoint, this represents growth of 21% over 2022 and 23% over 2019 for AFFO.

Turning to the balance sheet. We ended the quarter with $318.5 million of unrestricted cash on hand and our $700 million revolving credit facility remained undrawn. Opry Entertainment Group's $65 million revolver had a balance of $7 million outstanding. The combined capacity of our revolving credit facility and cash on hand give us total liquidity of approximately $1.1 billion after deducting $14 million of outstanding letters of credit. We retained an additional $95 million of restricted cash available for certain 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 4x. Based on the midpoint of our guidance, we anticipate we will end the year at approximately the same ratio, factoring in the resumption of the dividend at the newly declared $1 per share, which represents a 33% increase over our prior dividend level of $0.75 per share.

This is a significant accomplishment looking back at the losses we sustained during the pandemic as this leverage level is not only well within our target range, but also below our year-end 2019 level. This is another testament to the actions we took during the pandemic, rebooking loss business and investing for the recovery ahead to get us to this point.

In terms of interest rate exposure maturities, as of quarter-end, approximately 90% of our outstanding debt was at fixed rates either directly or with the benefit of swaps, with 2 swaps expiring in 2023 on the Gaylord Rockies term loan and our corporate term loan B. We've met all the requirements to exercise the first of our 3 1-year extensions on the Gaylord Rockies term loan.

And we today launched the recast of our corporate credit facility and Term Loan B with our bank group. These actions address our maturities through 2024, and ultimately through 2026 when taking into account the remaining extension options on the Rockies. Any impact to interest expense as a result of these refinancings or extension has been incorporated into our guidance range.

Our balance sheet and liquidity continue to be in excellent shape to not only support our capital deployment opportunities, but also to continue delivering meaningful dividend growth as our business continues to reach new levels. And it remains our intention to pay 100% of our REIT taxable income through dividends.

And with that, I'll turn it back over to Colin.

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

Thanks, Jen. I think, Gretchen, we'll open up the lines for questions, please.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) We'll take our first question from Smedes Rose from Citi.

Smedes Rose - *Citigroup Inc., Research Division - Director & Senior Analyst*

You gave a lot of positive data on the June outlook. And I was just wondering if you could talk a little bit about group composition and maybe what you're seeing kind of from associations versus corporate and are there any areas where there is still room to make up versus maybe areas that are now back to kind of peak levels kind of as you think about your group segmentation?

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

Smedes, Good morning, Patrick?

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

Yes, good morning, Smedes it's Patrick. Great question, if you look at our mix for the remainder of this year, it's pretty similar to what we saw in 2022 a little bit heavier mix of corporate versus association. If you look at what's on the books for 2024, there is an increase, a pretty material increase in the amount of corporate on the books, which we see as a very good sign, because of the opportunities that creates for us on the banquet side of the house.

And I would tell you that that's indicative of what we've seen so far corporate has come back, much faster. They're doing very well outside the room and we are getting excellent rate growth from corporate groups. Association has been a little bit slower as you would expect, just given the nature of that piece of the industry, but we're also getting very good rate from association as well. So, good signs that the association, is coming back, but not quite as fast as corporate, but that bodes very well for our business going into the future.

Smedes Rose - *Citigroup Inc., Research Division - Director & Senior Analyst*

Lead volumes?

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

Lead volumes look very, very good. Our lead volumes at the end of the first quarter were up over 2022 and 2019. And on the corporate side, that was clearly the winner in terms of lead volume growth versus 2019.

Smedes Rose - *Citigroup Inc., Research Division - Director & Senior Analyst*

I just wanted to ask you to, I know you have to report the way you to, because its Atairos options to put its interest back to you, but I think you have about almost 4 quarters now with them under your belt. Can you maybe give a sense of their satisfaction with the arrangement as you have it now, and kind of are they contributing from a strategic perspective, or maybe you could just sort of update us on how that relationship looks?

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

I'll start and Mark, you then may want to jump in. But I can tell you from my perspective things were a little slow, as we were navigating the massive organization of Comcast NBC Universal. But I would say over the last 6 months, we become very, very excited about the prospects here. I would tell you these folks that we're dealing with at Atairos are really good people.

And we have a very strong relationship our company does with them. And I -- really enjoy the amount of sort of strategic thoughts -- that we get from this organization. But we got a lot of good stuff that we're working on with them, we announced the People's Choice Awards.

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

Country Awards, we're going to, we're producing an Opry Christmas special with NBC.

Smedes Rose - *Citigroup Inc., Research Division - Director & Senior Analyst*

Yes.

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

So those projects are starting, but Smedes to Colin's point, one of the -- important aspects of why we selected Atairos NBC Universal was cultural compatibility. I think how they viewed the business that we run currently in terms of the brands and the stewardship responsibilities there as well as kind of what the -- what the broader long-term growth opportunities are. So we are working very closely with them on a whole bunch of different not only near-term opportunities, but longer-term strategic opportunities.

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

Yes and I would hope that over the course of the next 6 months is going to be more announcements will be able to make to illustrate the importance of this partnership.

Operator

Our next question comes from Shaun Kelley, Bank of America.

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

Colin and Mark, I just wanted to maybe start with kind of looking out to 2024 and beyond. Can you just give us a sense of pricing across the portfolio, the strength of that, and also maybe a little bit of color around mix shift? And the reason I'm asking is, obviously, with the way that group business, it tends to work. You're going to, you should have some I think continued benefits from that going forward even beyond sort of all of the recovery years that are now increasingly behind us?

So just trying to get a sense of the magnitude of how much kind of price on the books, it could be up as we start to move into again a much more normalized and in some cases maybe a little bit of a slower operating environment, how much do you have kind of locked in on that side in '24, '25 and beyond?

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

Yes, let me make one statement, then we're going to. I'm going to turn it over to Patrick and don't know whether if you want to weigh in on this Mark as well. But we have been very aggressive with our manager Marriott as it relates to pricing of the group industry. We feel the way we have invested capital, the level of quality that our assets deliver to the consumer. We feel that there's big opportunity on pricing here.

So, we've been pretty aggressive on pricing and you're quite right as the business that we booked last year and the year, before flows into our company in '24 and in '25, we are very excited about our pricing grid. So, Pat, do you want to give Shaun more data on this?

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

Sure, so just give me a couple of data points. The first quarter of this year, we booked room nights at a 9% growth in ADR. And I would tell you that we are targeting that 7% to 10% range each quarter with the sales team. That's a pretty aggressive target, but we see a window of opportunity here and we're having great luck with achieving that. As you look to sort of your second question, as far as mix, if you think about what I was sharing with Smedes a few minutes ago.

Right now we have a higher mix of corporate room nights on the books for 2024 a pretty material increase of where we stood this time a year for 2023 a year ago. So with that growth in corporate mix that will help us continue to push on rate as well as then expand our banquet contribution per group room night once the group actually travels. So we actually see '24 and '25 and hopefully beyond.

But just speaking to '24 and '25 as very encouraging as we see group room rate moving in a very positive direction, getting into the upper single-digits and in some cases some months, we're pushing into double-digits growth in ADR. And then the higher mix of corporate helping us on the banquet side and audiovisual side as well.

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

Let me just say one more thing. Shaun -- you're focused on rate. But the other part of all of this that I think is so extraordinarily important is, the issue of demand when Patrick talked just a few minutes ago about what's going on in lead volumes. As we look at our lead volume sort of today, they are tremendous and 1 of the things that we've encouraged Marriott to do is add more sales personnel into our hotels.

Because demand is -- demand looks pretty robust that should flow through in pricing, but the other side of the coin is supply is, there is no new supply coming in our segment. And so, this is we're at a pretty decent sweet spot -- for group. And quite frankly, this is one of the reasons that we're able to post revenue gains, some profit gains, the likes of which we have.

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

And the third leg of that, Shaun is that, as I mentioned in my remarks, we've been investing capital in some enhancements, particularly around food and beverage, reconcepting both at the national, at the Palms, as well as significantly at, out of the Rockies. And so, what that's going to drive is incremental outside-the-room spending for both leisure and group customers over the next handful of years.

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

Yes, yes, it's a very important point.

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

And as my follow-up if we could just go to entertainment for a minute, obviously a great result in the quarter. A year ago, we were talking a little bit about some touring schedules and things that, I think impacted the business as we were kind of coming out of COVID and some noise there and it seems like we're back to a growth cadence?

So could you just talk a little bit about the -- so both the drivers in the quarter and then I think more importantly going forward on some of the CapEx that's going to be driving that division and pipeline moving forward?

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

You want to take it, Mark?

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

Yes, so if you look at the results in the quarter for the Entertainment business, really across the board. We saw very strong demand in all of our venues, whether that was the number of concert nights we had at the Ryman which was a record, or whether it was the number of admissions or tours that we had at the Grand Ole Opry again record. So, we're seeing a strong demand continued demand for the product.

Same we had record -- we set some records set Block 21 as well, both in terms of show production, but also in terms of food and beverage because we brought that -- we bought that business in-house starting January 1 as opposed to outsourcing it. So, we were able to drive significantly higher profitability from food and beverage.

In terms of, in terms of capital, we have a number of projects currently Colin mentioned too earlier with Las Vegas, and the work that we're doing with Luke down at the Wildhorse, but we're also in the middle right now. We've expanded our retail offering at the Ryman. We're building out a VIP lounge experience at the Ryman which will also help drive ticket pricing as well as spending in the venue.

And then, we have a number of projects we're undertaking at Block 21, as we continue the evolution of that venue in terms of tour, enhanced tour product, and enhanced retail. So that will open in a month or so and enhanced food and beverage, so.

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

Yes, the last thing I'll say, Mark, is that, the other thing that we are so damned blessed about is the fact that our product is in really great markets that are growing like no tomorrow. And so, the opportunity we have is really, really tremendous here. And the other thing is the quality of our product is really strong. It's different to a lot, in here in Nashville, the quality of our product is different from what you tend to see in this market and that's why we're posting the numbers we're posting.

Operator

Our next question comes from Dori Kesten from Wells Fargo.

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

I think as you back out the cancellation and attrition fees for last year and this year your total RevPAR guidance back into 9% to 10.5% growth for out-of-room spend. Can you walk through why you're thinking out-of-room spend will lag from the, spend this year?

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

You have a question - why out-of-room spend will lag what?

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

Room spend?

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

Out-of-room spend will lag, room spend. Well, I mean, in the short-term, we're achieving tremendous growth rates in ADR from our transient side as well as in the year for the group. So, we're getting a much higher growth rate on that rate that we're booking in the short-term. I mean, I haven't seen the calculation you're speaking to, but that's the first thing I'd point to Dori.

That you're getting really good strong growth in outside the room spend, but it may not be quite as strong as what you're getting in terms of room rate, because the environment we're in right now room rate is positioned to grow much faster and higher than we've seen in the past, as long as my career has existed.

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

Okay. And then I guess as you think through your guidance for the remainder of the year how much conservatism, if you think there is, do you think is built-in with respect to, in the year, for your booking cancellation attrition or transient as you look forward to Q4's ICE!?

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

Well look -- we sit here hour-by-hour and we listened to all of the rhetoric coming from multiple economists, Federal Reserve, interest rate hikes, bank problems and we sit here and we, we say to ourselves, we get no benefit from being herculean in terms of our guidance, because if we miss it by a penny, we get hammered. So, we've provided guidance here that we believe is appropriate given the business levels that we're seeing in the business that - we have on the books.

And I just want to make this one statement, not only to you Dori, but also to the other analysts that are listening. Last year, we raised guidance 3x in the course of last year and we've raised it 1 more time this year. And when you look at the, the midpoint of our guidance for this year and you compare it to 2019, which is the last year, that we all remember pre-pandemic. We're growing profitability by almost $150 million in this period of time between '19 and '20 and '20 and '23.

And so, I feel that our performance, my personal view is that -- this performance is extraordinary, and there's no other hospitality REIT posting numbers like this. So if there is a little bit of conservatism in the factory 3 months, 3 quarters, it's because we are frankly concerned by the economic environment that we're dealing with. And the other thing that folks seem to forget is that what we did last year on the second, third, and fourth quarter of last year was unprecedented.

We grew profitability in the second, third, and fourth quarter last year over '19 by 100 almost $100 million and no other hospitality REIT did that. This is spectacular numbers. So we're coming off the back of an incredible back-end of last year and as we sit here today, we're saying this is -- decent guidance, and we'll see what happens. And hopefully, when we do the earnings call in August, we'll be telling you, the, hopefully, we're going to increase guidance again, because that's what we've been doing here for the last year and a half.

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

Hey Dori, it's Patrick. As the hotel nerd in the room at the moment I would tell you there's, probably 4 things that I'm kind of watching and not sure where they're going. And so, this may be part of the reason that we're taking a cautious approach and just trying to wait and see what happens.

ICE came back for the first time in 2022 after being gone through all of COVID and we have been trying to figure out exactly how much of that demand that we saw was pent-up demand, was it 5%, was at 20%? And so not knowing exactly how much of that was pent-up demand after the show being gone for a number of years and how that impacted the transient performance of admissions to the show that makes us say, we need to wait and see how Q4 build for 2023, it could be similar, it could be dissimilar, we don't know.

The second thing I would tell you is banquet performance in the first quarter of '23 was phenomenal, March especially. We saw groups performing at levels we've just never seen them perform at. We had a great mix of corporate room nights in the first quarter, but we don't know if that trend was just specific to the first quarter or if it will carry into the rest of the year. And so with only 3 months under our belt, we did not want to predict the future until we have a better sense of how the remainder of the year will play out.

And then in your note, you talked about cancellation and attrition. Yes, we're not going to collect anywhere near what we collected in 2022, because we don't have as much COVID remaining from Omicron and other events, but as room rates increase our ability to collect higher levels of attrition is increasing. So could there be some upside there? Yes, we'll kind of watch that and see what materializes.

And then, the last thing I would point to you is, we're now up against a lot more incentive management fee with Marriott, which is a really good problem to have. But we have to figure that into our projections for the remainder of year as well.

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

But putting all of that aside -- putting all of that aside, we're going to grow profitability this year at the midpoint, over last year by $100 million, and putting that all aside, if we're going to grow profitability over 2019, at the midpoint, about -- it's about $143 million. These are -- tremendous numbers, and I don't know where else in our industry, you are seeing this type of performance.

Operator

The next question comes from Chris Woronka from Deutsche Bank.

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

Wanted to ask you about out-of-room spend looking forward as we think about, and I think, Patrick, just kind of touched on it, but as meeting planners agreed to these higher room rate increases. How do they look at agreeing to the higher out-of-room spend as well?

And I'm really just trying to get some perspective on how the meeting room planners look at increasing the cost of meetings, is it an all-in approach, or are they kind of drilling down and saying, we're going to do, we have to have rates up double-digits. Do we want to do less on the out-of-room, if that makes any sense?

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

Yes, great question and something we were kind of wondering about as we're coming out of COVID and the rate environment started improving -- allow us to start pushing rates up. The first thing I'd point to is what I've already talked about as far as the increase in corporate mix as we get into '24 and beyond.

But the other thing I would say is, yes, they are paying higher rates, but the feedback we continue to get from meeting planners from attendees is they recognize more than ever the importance of getting together face-to-face. And so for them to bring everyone together and then go on the cheap as far as how they take care of their attendees and their employees in this big group meeting.

It would not look good for them to do that, because they are trying to bring everyone together and get the company moving. A lot of our meeting planners have said, these meetings are becoming an essential for our culture, given how spread out and disconnected our workforce is now. And so, when they're getting on property, we saw it happening in 2022 and it's, continuing into 2023, their willingness to open up their wallets and spend a lot more outside the room has been very encouraging.

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

And the other thing, Pat that we got to remember is the market, the stock market is trading at about 33,000, 34,000, corporate profits are really good and we're not in an '09 environment where organizations, sort of let's pullback, let's pullback.

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

They are benefiting from inflation as well?

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

Exactly right. And so this is a -- moment in time that we have to take advantage of.

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

I mean I was at one of the hotel, one of our hotels earlier this month and they really didn't have, if you looked at what they had in March, they had tremendous banquet performance, but they didn't have any of the marquee groups that have traveled to that hotel during the month. And so, we're kind of scratching our heads and said how were you able to get such tremendous growth in outside the room of spend?

And they said, we just saw across the board, mid-sized groups and large groups. None of the ones that are normally the marquee top performers, but a lot of these groups that showed up just opened up and spend a lot more than they ever have in the past. And so, we're very encouraged by that.

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

That's super helpful. And then kind of a follow-up is on the, go back to the Entertainment business. And look, you guys you've got the programming at the hotels nailed and you've been doing it for a long time, doing it well. Now, you're kind of evolving this -- the Entertainment segment you're growing it in different ways. And the question would be, is there any at any point, where you think you want to kind of integrate these?

And I don't mean from a structural standpoint, I mean from a branding standpoint or customer standpoint. Is there any opportunity to kind of bring these things in-house? And I know Marriott has the brand, the Ryman, the Gaylord brand. So it's not really that -- it's not really that going down that path. It's more from the customer experience. Is there anything you can do to integrate these hotels more into the entertainment businesses if that -- if that question makes any sense?

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

Well, where the product sits close to one of these big hotels we do that. We push hotel rooms through the Opry into Opryland. We divert Opryland customers into the Grand Ole Opry into the Wildhorse, the banqueting path, the banqueting revenue that we're generating at the Wildhorse downtown -- events from Opryland best ever. We're doing that, but we've got some other ideas. Chris, your question is a real good one.

We've got some other ideas that Patrick and the team are working on right now that would also potentially situate entertainment experience next to one or 2 of our big hotels outside of -- outside of Nashville. And those are things that we're looking at, but being able to maximize the worth of the customers that we have relationships with is something that's on our mind hourly.

Operator

Your next question comes from Patrick Scholes from Truist Securities.

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

Question for you, do you think you're taking share from urban markets or, and/or conventions within those other urban markets?

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

Do you want to take that, Mark?

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

Yes, I would -- I would say the answer is, yes, particularly as when you look at our geographic distribution. When you think about the Sunbelt locations markets like Florida, Texas, Nashville, Denver, we're seeing and hearing more and more from meeting planners and organizations that they're moving out of some of the more controversial and kind of socially challenged markets, places like, San Francisco, Portland, Chicago et cetera.

So, we definitely think that we're seeing, we're seeing that opportunity geographically. And I would also. I would also argue that we're seeing an opportunity, because the investments we're making in our product that we're finding ways to create more and more value and deliver more and more benefits to both the meeting planner and the attendee.

And so our -- on a market-by-market basis, I think -- we're superiorly positioned, but also on the asset-by-asset basis when you look at us compared to our competition, we just offer more to the consumer.

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

Okay, that's it.

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

Thanks, Patrick.

Operator

And our last question comes from Bill Crow from Raymond James.

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

I guess, I just knocked in the deadline there. The question really is, is 2-parter. First, in Washington DC, can you just kind of tell us how that -- recovery is playing out relative to the recovery, you saw at the other major assets over the last year?

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

Yes, well Mark, I mean we're really pleased with the work that we've undertaken to improve the quality of that asset. And I think, Patrick, we're pleased with the response from the customer.

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

Yes, I would point to several things. There's no doubt the DC market has recovered slower than the other top 25 markets, especially the ones in which we operate. There's, a lot of challenges going on specific to that market, but to borrow, I'm just Southern voice. So we're kind of the tallest hog in the trough as far as a challenging market, but we're really performing well, against the competition in the market.

Plus, we've made a lot of changes to that hotel since we went into the COVID period and that's benefiting our employee satisfaction, our guest satisfaction, our group satisfaction. We're seeing levels of performance to that hotel that we've never seen before. So we made some of the right changes. We did renovation of the room product. We've done a complete reconcepting and repositioning of most of the food and beverage outlets to set them up better to operate in a union environment and some of the realities of the National Harbor around that hotel that has benefited us tremendously.

We're seeing are our food and beverage outlets perform at levels they've never performed in the past. And so on all fronts, we're seeing great recovery in that hotel, even though it isn't a challenged market and that's translating into really solid EBITDA growth for the hotel given where occupancy is at. So that market will continue to recover. And we'll continue to watch that. But we feel like we're doing all the right things to get that hotel moving faster than the rest of the market.

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

Yes, I mean, as we did pre-pandemic we dramatically over-index as it relates to group. The challenge that we have and the opportunity that we have in that hotel is how do we bring more transient leisure business to National Harbor and into that hotel. That's the segment where I think we have the greatest opportunity.

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

That's helpful. And then finally Austin and the acquisition I just wanted to see how it was (inaudible) compared to your underwriting expectations?

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

Well, we've been -- I mean I think it's fair to say, Mark, we've been pleasantly surprised. We knew we knew this asset -- that combination of assets there was world-class. And even with just a little bit of Pixie dust, we've seen really improved performance there. And I think over the course of the next 12 to 18 months as we deploy capital, I think we're going to be very, very happy with that investment.

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

Yes, I mean financial performance it has been better than we underwrote it. The 1 difference from how we thought about it when we bought it was just kind of the timing of some of the renovation work, particularly around the hotel, we pushed that a little bit into '24, just as we've gone through the design and pricing process.

And ultimately I think we've settled on a time -- period that will actually reduce our disruption, because we'll get past South by Southwest and then we'll -- undertake the rooms' renovation. So we're very, very happy with performance thus far and I would tell you that we feel more confident in the potential there, longer term than I think when we underwrote it initially.

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

Okay.

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

Thanks, Bill. Gretchen, thank you. I think that is end of this morning's earnings call and if anyone has any other questions that they want to pose they know how to get hold of Mark, Jen, and the team. So, thank you everyone more to follow.

Operator

Thank you, ladies and gentlemen, this concludes today's conference. You may now disconnect.
