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PRESENTATION

Operator

Welcome to Ryman Hospitality Properties Second Quarter 2020 Earnings Conference Call. Hosting the call today from Ryman Hospitality Properties are Mr. Colin Reed, Chairman, and Chief Executive Officer; Mr. Mark Fioravanti, President, and Chief Financial Officer; Mr. Patrick Chaffin, Chief Operating Officer; and Mr. Scott Bailey, President, Opry Entertainment Group.

This call will be available for digital replay, the number is (800) 585-8367, and the conference ID number is 458-6285. (Operator Instructions) It is now my pleasure to turn the floor over to Mr. Mark Fioravanti.

Sir, you may begin.

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

Thank you, Maria. Good morning, everyone. Thank you 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 facts 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, further events, or any other reason.

We will also discuss non-GAAP financial measures today. We reconcile each non-GAAP financial measure to the most comparable GAAP measure in the exhibit to today's release.

I'll now turn the call over to Colin.

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

Thank you, Mark, and good morning, everyone. When we last spoke on our first quarter call in May, at Gaylord Hotels and the majority of our entertainment venues were closed as the nation grappled with flattening the curve during the initial outbreak of COVID-19.

I'm happy that as we meet today some 3 months later, 4 of our 5 Gaylord Hotels are again open, and we've been able to resume some reduced capacity operations across several of our entertainment assets as well.

Of course, we still have ways to go to return to pre-pandemic business levels as the challenges our economy and our country faces are far from over. And frankly, no one knows how long this recovery will take.

However, based on the initial success that some of the early virus epicenters around the country have had in battling back the pandemic, and then the rapid progress we're seeing on the therapeutic and vaccine front, in my view, despite some recent case increases in some states, the overall outlook for an eventual resolution has meaningfully improved over the past 3 months and as a consequence, I'm firmly of the belief that we will be in a recovery in the foreseeable future.

So rather than to throw up our hands and feel sorry for ourselves, over the last 3 months, our company has been diligently focused on 2 key areas to ensure we are in the best possible position to benefit from that recovery.

These are, minimizing our expenses and cash burn and positioning our assets and our business to not only participate in the recovery when it does come but more importantly, to capitalize on this opportunity.

This has us asking questions like, how can we grow our market share in the large group meetings business? Remember, all group business in this nation has been canceled over the last 4 months and quite probably over the next few months. And every single meetings business is stressing.

This is, in fact, a time of opportunity. How can we deliver better customer service and do so in a more cost-effective way. And in that vein, how do we at Ryman help Marriott become a better manager of our assets.

From an entertainment perspective, no one in this country is sitting in theaters, concert halls, or the like. They're sitting at home watching Netflix, Amazon Prime, or streaming their favorite content.

So how do we take advantage of this? In short, we do not just want to be resilient and come through this situation, bruised but kicking. But rather, we want our businesses to come out stronger than before.

We have used this same approach in past, whether it was the great financial crisis, the flood in Nashville in 2010, or our reconversion in '13.

Through each of these difficult situations, we, as a company, became better, more focused, and stronger. And I am confident that you will see the same outcome in the months and years ahead.

But before I get into those questions, first, a brief comment on what is going on in our business today and more importantly, our cash burn.

In the second quarter, during the majority of which essentially all of our businesses were shut down, our monthly cash burn rate was approximately $31.7 million per month. This is simply our consolidated adjusted EBITDAre, plus our cash interest expense and debt service, but excludes the discretionary capital investment, we continue to put into -- put to work at the Gaylord Palms.

This figure is well below our initial estimates in May of around $42 million and better than the updated estimate of $35.2 million that we communicated in our investor update on June 1.

So we're pleased with our success in reining in our cash expenses quickly and effectively during the second quarter.

Now that 4 of our 5 Gaylord Hotels as well as several of our entertainment venues are reopened and operating at levels that warrant remaining open we expect this cash burn during the third quarter should continue to improve to approximately $28 million to $30 million per month.

Mark will elaborate in a moment on some of the details of our cash uses as well as our current liquidity and how that translates into substantial runway to wait out this pandemic.

Suffice to say, we feel very good about our ability to weather these low levels of occupancy or shutdowns for quite some time.

Now let me talk about what we're doing to reposition our business to maximize the opportunity before us, both near-term during this pause in group travel and long-term for the eventual recovery.

As some of you know, we reopened the Gaylord Texan on June 8, and Gaylord Palms, Opryland, and Rockies on June 25.

The Gaylord National remains close, but we continue to monitor this market closely. And we will -- it will reopen when we believe it is warranted. Naturally, with group business essentially suspended, our focus on these reopening's has been on the drive to leisure market and generating at least enough revenue and EBITDAre from the hotels to justify remaining open and awaiting return of the group customer.

We know families and individuals may be reluctant to take international and long-distance flights. But still have a strong urge to take summer or full break as many states loosen their stay at home restrictions.

This represents an opportunity for our hotels, each of which are in easy, drivable reach to literally millions of families. Thus, we have been very carefully target -- thus, we have very carefully targeted these markets and results to date have been pretty good in our view, certainly, given the circumstances.

In fact, this has been a revealing experiment in some ways. We're used to hearing the description, particularly from some members of the sell-side that Ryman's hotels are purely group focused and not really leisure destinations.

Of course, the reason we don't do as much leisure business, apart from our usual summer and holiday periods, is that our assets are very attractive to the group customer, and this naturally stifles the space available for the leisure customer.

Pandemics notwithstanding, we love the group business. It is predictable, repeat, and highly profitable from an outside of the room perspective.

However, that should not be taken to mean that Gaylord resorts and convention centers are not an attractive year-round destination for leisure guests, quite the contrary. Some of you may overlook the first part of that label, resort, and focus on the second part, convention center. Those who have followed us over the years know that we have proactively invested substantial capital to add and upgrade our resort amenities.

These include spas, pools, water parks, multiple F&B concepts, expansive atriums, retail shops, and customized programming that offers unique leisure demand generators.

Combined with our proximity to downtown tourist markets, the truth is we can drive significant leisure volume if we truly want to. And this unique window in time serves as a laboratory demonstration of that.

It is also to our advantage that the expansive all under one roof nature of our hotels gives us the square footage to accommodate increased social distancing pretty easily.

For example, many of our F&B outlets are configured out in the open under the cover of our tall beautiful atriums with lots of airflow, and our public areas and corridors are designed to be wide and spacious to accommodate the movement of large groups.

This allows our guests to feel quite comfortable visiting us on top of the hospital grade cleaning and dis-effecting -- disinfecting processes that we have rigorously put in place.

So when group was suddenly taken out of the equation and we instead executed our leisure marketing strategy post reopening, our hotels were able to capture more than their fair share of limited amount of leisure travel that is taking place in our markets.

For example, in the full week ending on the Holiday Saturday, 4th of July, just after we had reopened the 4 hotels, the Gaylord's ran a transient RevPAR indices from 159% at the Rockies to 194% at Opryland and up to 210% at both Texas and the Palms. These are STR percentages of competitive hotels in those markets.

Now while this reflected occupancy levels of only 14% to 24%, for hotels of our size, this translates to more than a few leisure guests on top of which we were able to achieve good daily rates ranging from $187 to $214 per night.

Now just so you don't think I've been selective in sharing data on 1 holiday week. Let me give you the STR RevPAR indices for the latest available week ending the 25th of July.

During this period, total occupancies at our 4 open Gaylord Hotels range from 14% at the Palms to 26% at the Texan, it's for the full week. And by the way, in case these occupancies sound low, 26% at the Texan is the equivalent of 95% occupancy at a 500 room hotel.

For the same week, transient ADR ranged from $159 at the Rockies to $194 at the Texan, resulting in transient RevPAR indices of over 160% for the Rockies and Opryland, 175% for the Palms and 217% for the Texan.

Now 1 last stat regarding occupancy, 3 of the 4 hotels experienced their highest transient occupancy this last weekend since opening, and we are very pleased with this trajectory.

Finally, we've seen better-than-anticipated performance from our F&B outlets since opening. And we've even had a few groups travel including one large group a couple of weeks ago of over 2,000 room nights.

This is how our hotels are performing right now, which, frankly, we're pretty pleased with, given the circumstances. But the important question -- questions, I suppose, is when does the group segment really recover? And has this segment suffered any long-term permanent damage?

Now if you think about this segment from a macro perspective, COVID-19 has decimated it over the last few months.

As I said earlier, almost all group business in this nation has been canceled. Tens of billions of dollars of lost revenue and every meeting planning company in the country has been massively disrupted. But the interesting thing is that when you talk to the planners and by the way, we do, they inform us that they and their clients want and intend to meet when they're able to and it is safe.

In our opinion, this segment will recover to previous levels. The question is when and the answer, I believe, is at the time the nation feels it's safe to travel and congregate inside in numbers in short when there is a vaccine available.

So with that as a backdrop, let me talk about how the future is stacking up from a demand perspective. And to do that, let's start with canceled room nights and more importantly, the rebookings.

In our formal press release, we talk about cancellations and rebooks as of the end of June. But let me give you the latest numbers. As of Friday, 31st of July, last Friday, total lost room nights in our company for [all future years] (corrected by company after the call) was 1,579,000 room nights, which translates to about $737 million of loss revenue.

We're finding that the average cancellation window has been running at about 100 days out as groups make their decision. And so of these cancellations, around 93% have fallen into 2020 and the other 7% into 2021, early part of 2021.

More importantly, we've successfully rebooked now 684,000 room nights, representing just over $300 million of revenue into future periods for about a 43% rebookings rate thus far.

And as you will comprehend if you read the earnings script, that that pace of rebooking has in fact accelerated in the month of July.

Our strategy from the beginning of this pandemic has been to emphasize rebookings with our valued customers. And these have gained momentum over the course of the quarter. And as I said, certainly into the third quarter.

Where appropriate and warranted, we've also been able to collect some attrition and cancellation fees, which have also contributed to the improved monthly burn rate versus expectations. As regards cancellations and attritions fees, let me be clear on how we're dealing with these fees as a company with Marriott, and this is where we currently -- this is our current thought on this process.

Through the end of the third quarter is one way. But if groups are wanting to cancel in the fourth quarter and into '21, we're taking the position that attrition and cancellation fees are due. On the sales side, you'll see that we booked 655,000 room nights in the second quarter, which is a really good number, of which 516,000 were from those rebookings I mentioned. But more notably, we booked 139,000 new room nights for future travel beyond 2020.

And hot off the press here are the preliminary group sales numbers for July. In July of 2019, we booked 131,000 room nights. This July, we booked 196,000 room nights, of which 131,000 were rebookings and approximately 65,000 were new bookings in the month of July.

Not only are the meeting planners still active beyond 2020. But we, as a company, continue to have a sizable book of business for '21 and '22 already contracted.

To be precise as of June 30, we had 1.64 million net room nights on the books for '21 or 43.4 points of net occupancy, which is -- that is down only 1 point compared to where we stood in June 30 of '18 for 2019.

Next for '22, we had -- we have 1.46 million room nights on the books or 38.4 points of net occupancy on the books as of the 30th of June. That is, in fact, up 1.6 points compared to the same time last year in '19 for '21.

In addition, for both years, '21 and '22, about 56% of our -- of the -- on the books room nights are in the first half of the year and the balances for the second half.

Now this volume of business on the books and sentiment from the meeting planners is extremely important because it speaks to how rapid a recovery may look for our segment of the industry once the customer gets comfortable about traveling.

In a sense, our group business is like a loaded spring, which upon successful launch of a vaccine or effected therapeutics or simply a control of the pandemic to manageable levels has the potential to experience a more rapid rebound just due to the business on the books that I believe some investors and sell-side analysts are giving -- are in fact given us credit for.

I think some analysts are looking back at '09. When bookings in the year for the year were materially impacted due to the financial challenges, corporations, and associations we're having all over the board.

But today, what is stopping companies and associations is more out of fear and government mandates. And when these have lifted, I believe the sector of the industry will recover pretty quickly.

This is the situation we are nurturing and preparing our hotels for, and we believe our hospitality segment is still well positioned for a decent 2021 and even a better 2022 once any of these factors manifest.

Now turning to our Entertainment segment. Like our hotels, we have reopened our Nashville and Gatlinburg, Ole Red locations in the second quarter. As well as hosted the grand opening of our Ole Red, Orlando location.

All 3 venues have been performing well despite their respective social distancing rules and other measures which both Nashville and Gatlinburg with both Nashville and Gatlinburg, delivering positive adjusted EBITDAre in the month of June.

I would note that on July 3, the city of Nashville did roll back its modified -- roll back to a modified Phase 2 of their reopening plan, which limits restaurants to 50% capacity, down from 75%.

The other bright spot for our entertainment business in the quarter has been the success we've had in the digital part of this business. We're using this opportunity when people are spending more time at home to deliver more of our content digitally, okay, I'm having a hard time saying that and continuing to build our brand, deepen relationships with our customers and form new ones.

For example, our weekly Saturday night Opry live shows are now averaging well over 2 million view -- viewership's each week across all distribution points, which includes Circle TV -- our Circle TV joint venture, U.S. affiliate TV stations, Dish Networks, Sling TV, and social streaming platforms.

That's based on our growing average of 1.3 million digital streams of the show each week. Our U.S. affiliate markets adding another [558,000] (corrected by company after the call) average weekly views and Dish and Sling, adding another 150,000.

Circle TV is not yet rated, so its viewership is not even yet calculated into the estimates. And no doubt, it is significantly additive.

Circle is expected to begin rating late fall this year, and our decision to offer Opry Live as a digital live stream has proven very powerful.

Keep in mind that 1.3 million digital streams of this show is just the average over many weeks. For Garth Brooks and Trisha Yearwood, we saw nearly 4 million digital streams that that evening.

In July, Vince and Reba delivered 2.4 million streams. All in, Opry Live is just shy of 25 million digital streams over 21 weeks we've been live streaming.

We plan to continue to offer the free live stream options through the duration of this pandemic, leading to a launch of Circle subscription video-on-demand or SVOD product in early '21.

Meanwhile, Circle's advertising supported video-on-demand or AVOD product is scheduled to launch in Q3 this year. And with distribution partners, we expect to reach an additional 60 million-plus consumers.

And digging into the numbers, Circle is doing a fantastic job finding a younger generation on consumers for our content.

For example, [19%] (corrected by company after the call) of the viewers are aged 18 to 34, 31% of the viewers are 25 to 44, and 42% are 35 to 34. Circle TV viewers also report watching frequently. 29% say they watch several times a day, while 56% are watching at least weekly.

We are really excited about this data and believe these consumers are on course to become the next generation of fans and guests across our entertainment platform, both physical and digital.

So while the pandemic has certainly taken a toll on our physical businesses, the timing of our push into digital for our entertainment business was really good.

And we likely look back at this period as one that only accelerated the growth of the content and distribution side of our business.

So in summary, while this pandemic has been devastating for our country, our economy, and our business, particularly, I do believe we're seeing green shoots that give us cause for optimism that we will manage through this in the not-too-distant future.

In the meantime, everything that we can control and optimize as a company in this period, we are doing aggressively.

This has the dual benefit of maximizing our time horizon and liquidity during the pandemic, while also transforming and positioning our business to thrive even better than before when all -- and our business will be absolutely better when we get out of this dog tunnel.

So with that, let me hand over to Mark to give you some color on the financials.

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

Thanks, Colin. In the second quarter, the company generated total revenue of $14.7 million that's virtually all of our assets in the hospitality and entertainment segments were closed for most of the quarter with some modest reopening revenue late in the quarter.

Net loss to common shareholders was $173.5 million or a loss of $3.16 per diluted share.

A couple of onetime items that negatively impacted our second quarter net income included a $15 million write-off of our deposit for the canceled acquisition of Block 21 and a $19 million impairment charge on the Gaylord National bonds related to reduced room revenue projections due to COVID-19.

On a non-GAAP basis, the company's consolidated adjusted EBITDAre was a loss of $65.2 million for the quarter and adjusted funds from operations available to common shareholders was a loss of $90.7 million or $1.65 per fully diluted share.

Our cash interest expense for the second quarter was $28.7 million, and we amortized $1.25 million of our term loan B.

So our cash debt service was $30 million in the quarter or approximately $10 million per month, which is in line with the estimate we provided in our investor update on June 1.

To be clear, the actual semiannual coupons on our senior notes were paid in April and October. However, when I refer to cash interest expense for any quarter, or on a monthly basis, we treat the notes interest as a monthly outlay.

Together, as Colin mentioned, our monthly cash burn in the second quarter on a consolidated basis was therefore about $95.2 million or $31.7 million per month on average. This excludes the discretionary capital investment that we continue to make in completing the Palms expansion, which we believe best positions the hotel for the eventual recovery.

As of June 30, we had spent approximately $99 million of our projected $158 million budget, leaving $59 million remaining to be spent on this project.

We continue to expect this project to be complete and available to open in April of 2021.

All other capital expenditures have been reduced to minimal essential maintenance, except for our planned rooms' renovation at the Gaylord National. Using this period of closure to make progress on this project is advantageous and we expect to renovate approximately 1,000 rooms or 1/2 of the hotel by year-end.

This project is being funded separately out of our FF&E reserve balance which as of June 30, contained approximately $55 million and is not included in our unrestricted liquidity or cash burn rate calculations.

Regarding our liquidity, with reopenings underway and the amendments to our corporate credit facility in Gaylord Rockies term loan complete, we felt it was no longer necessary to retain a large cash balance on hand. That we drew down from our revolver in March when the pandemic initially came as a shock to the markets.

Consequently, to avoid the negative interest carry, in June, we paid down $375 million of that $400 million draw and ended the quarter with a revolver balance of $25 million, leaving $675 million of availability.

This $675 million of revolver availability plus our unrestricted cash on hand of $82 million gives us total available liquidity as of June 30 of approximately $757 million.

This is down from the $910 million available at the end of the first quarter, the difference between our $31.7 million monthly burn rate in the second quarter, which is based on adjusted EBITDAre plus cash interest and the actual average monthly reduction in our total liquidity of $51 million per month is approximately $30 million of capital that we put towards the construction of the Palms expansion in Ole Red, Orlando. The timing of our semi-annual notes cash interest payment I referenced earlier and changes in working capital, including $6 million in ticket refunds for Opry and Ryman shows that were carried as deferred revenue.

And finally, approximately $1 million of owner funded maintenance capital items that were deemed critical.

We're pleased that we are able to bring our cash burn rate down below the levels we initially communicated under the shutdown scenario. While we currently live in a highly unpredictable environment at present, with the cost measures we have taken to date, the projected level of operations at our hotels and venues, reduced interest expense after paying down the revolver and some modest attrition and cancellation revenue, we projected our third quarter monthly cash utilization should be slightly better than in the second quarter and in the range of $28 million to $30 million.

Again, that's on a fully consolidated basis, excluding any minority interest in the cash usage at the Gaylord Rockies.

Assuming that this burn rate were to persist with no additional assets coming online, no improvement in operations beyond levels projected in the third quarter or material increases in attrition and cancellation fees, this implies about 24 months of available liquidity after setting aside the remaining capital required to complete the Palms expansion.

With no near-term maturities, our loan amendments in place, and approximately 24 months of liquidity we're confident that we have this financial strength to weather a prolonged slowdown from this pandemic.

And with that, I'll turn it back over to Colin for any closing remarks.

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

Thanks, Mark. The only closing comment I'll make before we open up to questions is that we've given you a lot of detail this morning, and we've done that on purpose because we are deeply engaged as a management team in the actual reopening and running of all of our businesses, we haven't just handed over the reins to our manager.

We've been through crisis like this before, not quite like this global pandemic, but we've been through crisis before and so we wanted to share with you everything we're up to.

So Maria, let's open the lines up for questions, please.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from the line of Smedes Rose of Citi.

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

You guys provided a lot of encouraging information about the pace of bookings and rebookings and I was just wondering if you could talk a little bit about the rates at which you're able to -- that you're making these bookings, I guess, relative to where they were on the rebooking side. And then what are the kind of new bookings look like?

And is there any particular properties that you're seeing more sort of concentration in terms of demand relative to others?

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

Right. Smedes, this is Colin. Let me defer to Patrick to get into the detail. Let me move our phone here. So with that, Patrick.

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

It's Patrick. Yes. So we actually -- I'll give you July information, and I'll work back to Q2. Our July production that Colin referenced a few moments ago, came in very encouraging numbers, and we actually saw a 17% increase in average daily rate booked during the month of July for future periods.

As far as were there any specific winners or losers? I mean, it really was a very well balanced rate play across the hotels. There was no specific hotel that did better than others. And then if you look at the second quarter -- second quarter as a whole, when the worst of the pandemic was really starting to unfold, ADR came in essentially slightly up but basically flat to last year's second quarter of 2019.

And again, it was pretty much well balanced across the portfolio of hotels.

From a transient perspective, we've seen very encouraging rates. We've been talking about numbers between $160, up to $200 plus. So from a group perspective, we've seen recently some nice healthy increases in rates being booked. And from a transient perspective, rates that are more than enough for us to feel very comfortable with having the hotels open.

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

Pat, you may want to just talk a little bit about the mix shift why we're up 17% in July, 17% sounds extraordinarily high.

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

Yes. And so what Colin is alluding to is the fact that part of what drove the improvement year-over-year was the fact that we booked more room nights into T plus 4 and beyond. And because that mix is being a little bit more heavily weighted towards periods that are much farther out, T plus 4 through T plus 6, you're obviously going to be capturing higher rate as a result.

But I would tell you that even if you look at T plus 1, what we booked in July was up about 12% from a rate perspective. So it's not overly balanced to the future periods, we're seeing nice healthy rate growth even in the more immediate periods T plus 1 and T plus 2.

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

Yes. And Smedes, one of the reasons we talk about the situation being as it is unfolding, situation of 2020 in COVID. And there's been 1 or 2 of your brethren who have sort of tried to connect to parallel to 2009 when the world fell off a cliff.

The -- we are not seeing the same pricing pressure in all of the dialogue we're having with our salespeople that we saw in 2009 when markets like Las Vegas literally, were just dropping pricing dramatically.

We're not seeing that and which I think bodes well for the recovery of this sector.

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

Great. And then can I just ask you on the Circle TV that you mentioned, do you just have like maybe just a broad sense of kind of the economies for that when you do start a subscription model? And kind of -- I mean, what are sort of the ranges that you think that could maybe build to overtime? In terms of revenues, I guess, or however, you think about it?

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

Yes. Scott Bailey is with us this morning and President of our Entertainment business. Scott, do you want to take that?

Scott Bailey - *Ryman Hospitality Properties, Inc. - President of Opry Entertainment Group*

Yes Smedes. So we -- the way we've modeled it is relatively modest in terms of uptake on the S5. But what we are doing is we will be putting our marquee assets such as the live Opry that Colin had referenced before, that has generated about 25 million streams by a 21 week period.

So we'll be moving that behind the subscription wall and we anticipate over a 3- year period that we'll achieve breakeven with the subscription video-on-demand service.

Operator

Our next question comes from the line of Chris Woronka of Deutsche Bank.

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

Wanted to ask, and thanks for all the data points, very helpful and certainly appreciate them. As you're looking at the bookings that are starting to come in, whether it's for early next year or 2023, are you seeing any changes in terms of size of the groups for other composition of the group or the amount of food and beverage they want to guarantee or anything like that, is there any noticeable change yet in those dynamics?

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

Mr. Chaffin?

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

Sure. Chris, its Patrick. Good to hear from you. Let me just cite what we saw in July to give you some very relevant and real-time data. We actually saw growth in the number of bookings in the larger groups. So when we look at non-COVID related rebookings and you're just looking at the new room nights that are being booked, we're seeing some healthy growth in some of the larger groups.

So we're not seeing folks pull back and say, "Hey, large groups are not going to be meeting in the future. Let's just stick to the small groups. I will say, though, that we're focused on in 2020, trying to capture as many small groups in the near-term as possible because they're more likely to travel. But as we're booking new business for the future, we're not seeing any real shift, but we are seeing healthy growth across and including in the large group segment.

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

Okay. And then wanted to ask if you guys have done any -- there's been a lot of talk about hotels closing and maybe that's more in certain markets and might not be a ton of big group boxes that closed but should still theoretically be some kind of a benefit to you guys.

How do you -- maybe, Colin, how do you think about that in the context of yes, there being a benefit down the road? And even if its years out that that may be more of a market share grab.

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

Well, so the way to think about this, Chris, is the hotels that are sort of talking about that we have sort of a little bit of rhetoric about, well, maybe they won't reopen. These are not hotels that have 200,000, 300,000, 400,000 square foot of meeting space that are focused towards the customer that we tend to go after.

The customer, that Patrick just referenced. And so look, I think in some of these -- forgive me saying it this way, in some of these more union concentrated big cities, urban cities in America. There will probably be less supply coming out of this because the margin of profitability in these big urban city hotels is buying somewhat less.

I mean, they generate decent revenue levels and decent occupancy levels, but the cost structure is very, very high.

And -- but this is not our competition. One thing I will say, though, on this subject is that I think our thesis today if you were to ask this question, is that we're going to see very little new competitive supply that goes after our business, our type of business is capable of doing these 1,000, 2,000, 3,000 room groups. I don't think you're going to see hotels like that built here in the next 3 to 5 years.

So look, we've got to get through this tunnel. And I am very optimistic that when we get through this tunnel, the amount of business that we will have on the books because of the things that we are doing is going to be very, very healthy. And our businesses, I am very confident. I'm not sticking my head in the sand here, I feel very confident that our business will recover here sometime in '21, and '22, and '23.

We will get to a point where our businesses will be stronger coming out of this than we were going into it. That's how I feel about it.

Operator

(Operator Instructions) Our next question comes from the line of Shaun Kelly of Bank of America.

Shaun Clisby Kelley - *BofA Merrill Lynch, Research Division - MD*

And thank you again for all the extra detail and some of the month-to-date trends. So I'd like to go back to the sort of rebooking activity if we could.

Just -- it seems like if we go back from where we were obviously in maybe April and May, the overall rebooking pattern here is accelerated. I think you highlighted even from the release, you're at 40% versus, I think, 43% in July.

Could you give us a little bit more color on maybe how that trended fully across the quarter in second quarter? In that build into that 43% number into July?

And then secondarily, just what is -- what do you think is driving that activity? Is some of it a little bit of the concern around if you looked at 100-day window, are we getting close enough on Q4 that people are now incented to possibly rebook rather than pay a cancellation fee? Or is it way more positive than that in terms of the dialogue with the customers and the planners and exactly what they want to accomplish.

Just are they more optimistic about the future effectively.

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

Do you want to take that, Patrick? Or do you want me to?

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

I mean I'll follow you, however, you want to do it. So...

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

Go for it.

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

Okay. Shaun, its Patrick. Let me give you some data points to think about it. And let me know if you have any additional follow-up.

So just to clarify and make sure because I know there's been a little confusion in the past. So the 43% is measuring rebooks as a percentage of the total cancellations from when this began to where we stand today.

So that, again, we started our rebookings efforts in late March, retaining our sales team and having them focus on that to preserve relationships and in some cases, to help preserve the organizations because if we collected on cancellation on some of these organizations, they simply would have gone bankrupt.

So again, just to clarify, that 43% is across the entire collection of cancellations that we've seen since this all began back in March. That has been building. Obviously, as we get to the end of the second quarter, it continued to gain momentum.

And so it's been a nice slow build over the period. And as uncertainty, I think a lot of folks are hopeful that as we get into the fourth quarter, potentially, we have a vaccine type event.

And so while cancellations continue, I would say that the rebookings, our folks are feeling more comfortable about putting something on the books for '21, '22 and beyond.

You're right that as we -- we're looking at a 100-day cancellation window, as we're getting into a period of time when folks that should be canceling for fourth quarter if they still have uncertainty, we are seeing some of those cancellations starting to come in.

The meeting planner has -- 2 choices are in front of them. They can either go ahead and cancel now and work with us to rebook or they can take the chance and wait and see if there's still a force majeure type event in place.

Our approach has been to work with them proactively and go ahead and identify future periods that they're more comfortable with so that we're not playing a waiting game that that harms both parties in the long run.

And so I would tell you that we're working with these groups. And then that allows us to say, look, now that we work towards a rebooking event with you as you try to erase the uncertainty of whether or not you can actually even have a meeting in the fourth quarter, et cetera.

Let's talk about how we look at this cancellation. We'll -- we do a rebooking, but we could also potentially collect a little bit of cash in the interim. And so it allows us to work very proactively with the group to try to get a little cash, get some future meetings on the books. They feel better in the long run, and we have a little bit more certainty around what our fourth quarter will look like as a result.

There's some data points. Let me know if you still have any additional questions. There's a lot of moving pieces in this, and we take every single one of these cancellations on a case-by-case basis.

Shaun Clisby Kelley - *BofA Merrill Lynch, Research Division - MD*

Yes, Patrick. That's a great start. So I get it that the 43% is then basically cumulative over everything that's happened post-COVID. So then if we can but if I can drill in maybe -- I don't know -- and I don't know if you even track it this way, but just even directionally, 4 groups that are canceling in more recent periods or months, so more like June, July, are you seeing, again, just, I guess, overall from that that sector -- from that cohort, if you will, a higher interest in rebooking?

Am I -- is that the behavior that you are seeing? So effectively, as we might be getting closer to kind of a normalization or again, some sort of optimistic outcome we're just seeing? Or is this indicative of a change in behavior in your view? I mean maybe that's a better way of asking it?

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

Yes. I think we would answer the question. It's sort of anecdotal. The reality, what happened in that second quarter is groups had no clue as to whether there would be a vaccine and whether people would actually start to travel again, whether the economy was going to open up again.

And we, as an organization, we insisted that our manager retain all of the salespeople in our hotels and deeply engaged with every single customer.

And the reason why bookings -- the rebookings accelerated through that second quarter was simply, it just takes time for every single discussion, negotiation, finding the available patent for that particular customer.

And so it just as the weeks went by, we were just getting further into the dialogue with those customers.

But the reality, what we are seeing, and this is why we were very pleased to get 65,000 room nights, non-COVID related booked in July is the meeting planner.

The meeting planner constituency seems to be getting more comfortable that there's going to be a solution to this problem.

And as we read daily of the 6 potential vaccines that are under various trials in this country and you hear guys like Fauci say, there should be a vaccine available in the fourth quarter.

We're seeing a greater degree of confidence in the hearts and minds of the meeting planning community.

So that's why we were very -- you think about it, in July, we booked -- we booked essentially 50% in the middle of the summer, where you really don't have a lot of meeting planning activity in the middle of the summer.

We booked 50% of the new room nights -- 50% of the room nights -- new room nights that were booked in the second quarter.

And so I think that as we get into the third quarter, we're going to just continue to see cancellations for business that we've got on the books for third and fourth quarter. But I anticipate the slowing here of the cancellation numbers and the continued growth in the rebooking numbers.

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

Yes. And this is Patrick again. The thing I would add to this is just to give you some insight into the process. When a meeting planner calls to cancel, they do not immediately say, let's go ahead and rebook. It is the very beginning of a dialogue and a process for rebooking. And so when you consider the massive amount of cancellations that occurred in the March, April, May, and June time frame. You start to understand that with all of these many, many, many meeting canceling and all of the dialogue that has to begin and with limited number of sales resources, it's going to take time for the pig to move through the Python. But now we've gotten through the process, and there's enough time has occurred that we're starting to see more and more rebookings occur because that dialogue has been happening in over the course of many weeks, and we're picking up pace because our sales folks are having time to finally go through that entire process with every single meeting planner, and that's why you're seeing that momentum gain -- build up as we've gone into July.

Shaun Clisby Kelley - *BofA Merrill Lynch, Research Division - MD*

That's really helpful for me both. And then just the only other follow-up would be, when you think about that 65,000, let's call it, net new or sort of non-COVID related room nights. I mean that's super encouraging that there's almost sort of any level of activity out there for folks. So can you put that in perspective relative to any sort of monthly trough type production numbers we saw back during the global financial crisis, Colin? I mean you made the comment earlier that it's a difficult period to compare to.

And obviously, I think for those of us who have lived both, we agree there's sort of no comparison, but we're all looking for something. So can you help us think about just sort of that level of activity right now and what that could mean relative to sort of maybe trough production back in March, April, May [in the line.]

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

I don't have the month-by-month breakdown of '09, but we'll go back and dig that information out and get it to you. But I can tell you when we were living through it, Mark and I, it was pretty damn anemic. It was anemic. And our salespeople were having a hard time getting customers to commit and Shaun, this is very interesting. What is going on here because there are literally thousands of meeting planning organizations across the nation?

And every single one of these people all these organizations have been so heavily disrupted.

Meeting planning companies don't necessarily deal with one customer. They have multiple customers. And so they are scurrying around trying to figure out what they do about the meeting that's coming up in September or the meeting that's -- that was due for June.

But at the same time, not only are they trying to resolve all of those issues and deal with us on the rebookings, but we're seeing new business in good volumes. And that's what's encouraging here.

And so we'll get you comparables for '09, but it was pretty anemic.

Operator

(Operator Instructions) At this time, I'm showing no further questions. I'll turn the floor back over to Mr. Reed for any additional or closing remarks.

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

Okay, Maria, thank you very much. And those of you that dialed-in this morning, thank you for doing that, taking an interest in our company.

These are very difficult times. And we are doing our level best to navigate through this morass, and at the same time, keeping all of our people in this organization motivated to be ready to take advantage or to when this COVID-19 is finally put behind us.

So thank you, everyone. And if you have any other questions, you know how to get hold of Mark or Todd Siefert, or me here at the company. Thank you very much.

Operator

Thank you. Ladies and gentlemen, this does conclude today's conference call. You may now disconnect.
