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## CORPORATE PARTICIPANTS

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

## CONFERENCE CALL PARTICIPANTS

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

## PRESENTATION

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

Good morning. I'm Bill Crow, I cover the real estate investment trusts and the hotels for Raymond James for the last 20 some years.

Really pleased to have Ryman Hospitality back with us again this year. This is a company who has really come out of the pandemic with kind of a running start in an advantaged demand demographic that has pushed the stock price up and created tremendous interest in the company. And I'll tell you that they just did just being about 4 weeks ago or something, a tremendous Investor and Analyst Day. There's 150 slides on their website somewhere. So if you really want to dig in after today's meeting, and I invite you to do so. You can reference those.

With us today, Jennifer Hutcheson, Chief Financial Officer; and in the back, Sarah Martin, who does Investor Relations for the company. So with that, Jennifer, take it away.

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

Thank you, Bill. Thank you all for being here this morning for your interest in Ryman Hospitality Properties. It's my pleasure to be here with you this morning to tell you a little bit more about our company.

It's an exciting story to tell, so appreciate Bill teeing that up for us. And what I want to talk today about is how we're a little different. We are a lodging REIT, but we're not like a lot of the other lodging REITs if you're starting to research that space. And how I want to talk about it today is around 3 major areas on how we're different and how to think about it from an investment standpoint.

Our operating model is different, right? First and foremost, you hear of a lodging REIT and you're not necessarily going to lead with how we think about operations. But that's a key part of how we think we differentiate ourselves.

I'm also going to talk to you about what the supply and demand backdrop is for the business that we're focused on and how both of those things have led to what we see as a very tangible path going forward for the next stage of our growth. And last but not least, and you might not expect to hear that from a lodging REIT, is another piece of our business that's centered around a live entertainment business. So we'll give you a little glimpse into what that is. I will not be covering the 178 pages that you can go back. So don't worry about that, but we'll give you a good overview, I think, of how to think about our company.

And really, what I think beyond looking forward, I also want to take a moment to reflect on what Bill said of how we've gotten a running start coming out of COVID. In terms of our total shareholder return, if you're looking at us compared to the FTSE lodging resort index or the S&P, you would have gotten much better returns compared to either benchmark.

Since our REIT conversion at the beginning of 2013, we've delivered outsized returns compared to both benchmarks. And in 2023, over 40% in terms of total shareholder return. So these are results that we're extremely proud of. And before we get into how we're different in a little more detail, talk a little bit about why we're different.

Bill has been covering us for a long time. He's seen all of these folks and worked with us even before our conversion to a REIT when our company started as a C Corp. This team of management really not only has a depth of experience in lodging entertainment, but with our specific assets. And it really informs how we think about managing our real estate portfolio in a different way that I think a different management team is not going to have that same perspective.

Colin Reed, our Executive Chairman, actually came to what was then Gaylord Entertainment when it was only Gaylord Opryland, 1 hotel. And on the entertainment side, the Grand Ole Opry in Ryman auditorium, and we've since then grown that business into what it is today.

Moving on to our operating model, and me telling you a little bit about why our business is different. That depth of management experience and the creation of this brand really is centered around the large group customer. That has, in turn, allowed us to have a portfolio of purpose-built assets, targeting and servicing the large group customer -- but beyond just the physical assets themselves, us thinking about how we encourage our operating manager to drive customer satisfaction and deliver a high-quality product that in turn engenders retention, loyalty and rotation throughout our portfolio of assets. This is what's led to our peer-leading financial results, which then, in turn, allows us to think about capital deployment and weighs back into our existing portfolio of assets that kind of completes this circle again centered around this large group customer.

Why the large group customer provides us a couple of key benefits. First, is the visibility into future incomes. When you think about a lodging company, a lot of times you default the thinking of these short windows where people are booking a room in night and can cancel it, not so with the group business.

You have an average booking window of 3 years for the group customer, which actually makes up 3 quarters on average of the room nights that we're going to have in our hotels in a given year. The other quarter comes from leisure transient with virtually no exposure to the business transient segment of the market.

Within group, that's comprised of 3 primary types of groups, how we think about it, mostly corporate groups, also a large proportion of associations frequent our hotels. And then lastly, other groups, we call them SMERF, social, military, educational, religious fraternal organization all of these group types serve a purpose within our portfolio. But on average, you're looking at a 3-year booking window, corporate groups tend to have a slightly shorter booking window -- tend to, on average, be premium groups in terms of contribution of profitability. Associations have a good place to have a longer booking window, affording us a little bit more visibility into their revenue streams and tend to be slightly larger groups.

The other benefit of being focused on a large group customer is the protection it gives us in lower occupancy periods -- kind of smooths out a little bit of volatility, particularly when you're looking at back in time, for example, the great financial crisis, and of course, most recently, the COVID-19 pandemic, wherein you had lower occupancy levels, and we were able to offset some of those cash flow bumps through the collection of attrition and cancellation fees, these are clauses that are in our standard group contracts that protect us against our profitability in the event the meeting cancels or the group travels fewer room nights in the form of attrition to us.

And we collected to that end, over $180 million of attrition and cancellation fees during that 2020 to 2022 time period when we were COVID impacted. In terms of the assets that we own, we have 6 group-focused hotels, 5 of which are Gaylord hotels, all of these are going to have over 250,000 square feet of meeting space. That is a key metric that's very important to group customers.

The largest in original hotel, as I mentioned earlier, Gaylord Opryland based in Nashville with 2,888 rooms. The newest Gaylord hotel outside of Denver, the Gaylord Rockies with 1,500 rooms. It's currently the smallest. And last year, we acquired our first non-Gaylord hotel, the JW Hill Country with 1,000 rooms and what these hotels do operate as a network. And we -- and I'll talk a little bit more there about how that recurring revenue provides us some benefits.

We do this through a single operating manager. And while some lodging REITs may think of having more than 1 manager as a strategic advantage from a risk mitigation standpoint. For us, we view this as a competitive strength in that it facilitates the rotation of groups and eases the experience for them to book again and again with us. There -- we have a streamlined sales process that book our hotels. And this allows us to generate more than half of our business having repeat visits to either the same hotel or another hotel within our network.

Again, reinforcing this kind of longer visibility, recurring revenue streams that really is a little bit more high quality when you think about it being sustainable going forward. All this leads to peer-leading revenue per available room and profitability per available room. One thing to note when you're comparing metrics among lodging REITs, is RevPAR, while important, that's a full story. Our RevPAR, these dark boxes here on the left are slightly lower than our lodging peers. We actually generate 2/3 of our revenue on the lodging side from revenues outside the room.

So in 2023, we generated $458 in terms of total revenue per available room, and you can compare that to $319 on average for another lodging REIT. Translating that to profitability, that's over $57,000 per room in terms of adjusted EBITDA generation compared to just over $32,000 for our peers. And you can also see here on the right-hand side with those lines the superior operating margins that we're able to generate, again, with the efficiency of this recurring revenue model and the platform that we operate.

Turning to the environment, competitive environment. We're in a really favorable position from a competitive supply standpoint. There's really only 2 other hotels with greater than 150,000 square feet of meeting space, which was that metric that I told you is so important to that group meeting customer that are currently in development today. It's greenfield development, difficult long lead times, financing has been a little bit challenging. And so we don't see that dynamic really changing moving forward. So it's a good backdrop from a competitive supply landscape. And from a demand standpoint, group is as robust as ever. our consumer research, pre-pandemic and post-pandemic tells us that group meetings and group meeting planners want to increasingly meet. They want to meet with more people and they want to meet for longer.

And we've seen that manifest itself in the lead volumes that we have in our sales pipeline as well as the bookings that we -- our sales teams are making for our properties. In 2023, we booked over 2.9 million group room nights for all future periods, which was a record. And those were also at record rates. And that puts us in a position, again, being able to look out 5 years ahead with this longer booking window with rooms revenue in contract form on the books at higher levels than we were pre pandemic.

As I mentioned, we were booking this at higher rates. And this is a very intentional strategy that we worked with Marriott and our sales teams to put in place starting really only in 2022. And so the message there is that there's quite a bit of tailwind that we expect to see moving forward. With a lot of the investments that we've been making in our properties, we maintain our properties well. We take into account consumer research and what our customers want in terms of how we deploy capital within our assets. And with the value that we're continuing to provide through those investments have been able to drive a more aggressive ADR rate strategy when we're booking future group contracts.

So to date, since the advent of that more aggressive ADR strategy, only 19% of that business has currently travel because, again, you're thinking about a group contracting for their meeting on average 3 years before it's going to happen. So it's really not until 2025, when you start to see most of the revenue that we're generating from these group bookings being a majority of those post rate strategy bookings. So quite a bit of tailwind moving forward.

As I mentioned, this also informs how we think about capital deployment. First and foremost, we paid a meaningful dividend. As a lodging REIT, we're going to pay 100% of our REIT taxable income in the form of the dividend. We're currently at $1.10 per quarter per share. And if you look back at our pre-pandemic period, we had a history of maintaining and sustaining that growing dividend, which, again, we're able to do given the visibility and the lower volatility of our earnings stream.

Secondarily, we think about deploying capital back into our assets. As a lodging REIT, this is a slightly different order than what others might think of. A lot of lodging REITs are driving and real estate companies are driving their growth primarily through M&A. But for us, we have a lot of opportunities to deploy capital within our existing assets at better risk-adjusted returns. And I'm going to spend more time talking to you about what those projects are in a minute. We spent a good bit of our Investor Day talking about that because we think it's an important part of the cycle and how we've been able to drive outsized financial returns over time.

But we don't shy away from M&A. We did acquire the JW Hill Country last year. There are a handful of assets that we're going to consider acquiring -- but first and foremost, they're going to need to fit within our operating strategy. They need to be a group-focused asset in a top meetings market of a quality that fits with our portfolio and where we believe we can drive value for our shareholders, either through enhancement or expansion. And there's not many of them. They don't come to market very often, but we're opportunistic, and we will execute on that if the market is appropriate and the conditions are right for that as we did in 2023 with the JW Hill Country.

But we don't have to acquire in order to drive growth. We've identified over $1 billion of capital investment opportunities within our existing assets, starting with Gaylord Opryland, which was built in the 70s and is our biggest platform today. There's at least $360 million of opportunity just at Opryland. And we're going to start on a couple of those in 2024. Completely transforming a couple of ballrooms and over 40% of the carpeted meeting space there with the idea that we have an opportunity to remix, if you will, the business to drive additional complement from those premium corporate groups.

We've also have a couple of projects ongoing at the Gaylord Rockies. You see some of these outlined here, including a rooms expansion work to expand and enhance food and beverage outlets. The Gaylord Texan is also another property where we see some opportunities, particularly around the recreation side. SoundWaves is a water amenity that we have in place at Opryland that came online in 2018 -- indoor, outdoor water park and upscale experience that appeals to both groups and leisure guests and has performed really well. And this is an example of how a portfolio approach and a group of similar assets can help drive efficiency and capital deployment.

We deployed capital and put in a SoundWaves at Opryland, and we've learned from that. Seen that what works well in it and are now able to consider deploying it at other properties, including the Texan and Rockies. The JW Hill Country, we just acquired. We're doing the work now to understand that group customer and ensure that we're deploying the capital there, the most efficient way as possible, but certainly have ideas for potential expansions there on the room side and the meeting space.

The Gaylord Palms, we just put in a $158 million expansion there that came online in 2021, and we'll be renovating the rooms there to match that new product -- and then the National also got a lot of capital during COVID as we fully renovated that property and repositioned a couple of food and beverage outlets. So just a few touch-ups there on the Gaylord National.

As I mentioned, the Opryland capital investment opportunity, we believe, will allow us to potentially drive more incremental premium group rooms and shift that mix of contribution within the group types at that particular property to be more in line with what you see at the Gaylord Palms and the Texan by targeting that meeting space. And here, you can see an aerial view of what we're talking about in terms of these capital projects, these teal square boxes being the 2 projects that we're undertaking this year in 2024, quite a bit of space there that's going to be completely transformed.

And then doing design work now on expansion of carpeted meeting space which is currently a parking lot today and increasing more sellable space. You can see renderings here on the right of the before and after the work on the ballroom spaces and pre-function space as well as this potential expansion in currently annualized parking space today.

And even with these 4 pictures, which certainly will be improved with the capital we're deploying there, still able to garner occupancy levels in the mid-70s in 2023. I mentioned the Rockies. We are adding a 26,000 square foot indoor, outdoor group pavilion. That's what you see rendered here in the bottom right and bottom here on the left as well, where groups can buy out that space as an additional option for their group meetings but also doing a lot of work in the main atrium area called the Grand Lodge to bring in new food and beverage concepts as well as expand the food and beverage seat count to put us in a good position should we then take on the expansion to add the rooms that we will have that complement for food and beverage per room that makes sense.

So as excited as we are about the lodging part of our business, which makes up 85% of our total consolidated business. There is a smaller 15% part of our consolidated business that is growing, and we're also very excited about. It's an entertainment business. And our long-term goal for this is for its eventual separation from the lodging REIT. And to that end, we're growing it today.

It is a business that targets the country music and lifestyle consumer that is a growing demographic and 1 of the most popular music genres -- and we deliver to these customers through live experiences and venues, artist partnerships and direct-to-consumer and content. This is a collection of businesses largely anchored today in Nashville, but quickly expanding outside of that Nashville market with the most recent opening of Ole Red Las Vegas in 2024, which is an artist partnership with Blake Shelton as well as the acquisition of Block 21 which is a theater and a W hotel in the Austin market.

But this business is anchored by 2 iconic brands that are in the Grand Ole Opry, the show that made country music famous and we'll be celebrating its 100th anniversary next year in 2025. Its original home was the Ryman Auditorium and downtown Nashville known as the mother church of country music and is widely recognized as 1 of the best performance venues in the country. Artists aspire to perform on both the stage of the Grand Ole Opry and the Ryman Auditorium. Those seats about 4,400 at the Grand Ole Opry and 2,400 at the Ryman Auditorium.

The newest brands that we've announced is Category 10, and that's a partnership with Luke Combs, which, for those who attended our Investor Day got a special intimate performance with Luke Combs, and that speaks to the unique relationship that our brands have and our management have cultivated with artists that really are very difficult, if impossible, to replicate.

Luke Combs, I think, so that if he wasn't doing this brand with us, he probably wouldn't be doing it at all. That's a concept that's going to open in downtown Nashville in phases starting in the later part of 2024. This all culminates in what was a pretty strong 2023 for us. We generated total same-store RevPAR of over 13.2% better than the prior year. We are back into a regular and sustainable dividend, as I mentioned, declaring $3.85 in 2023. And you can see our performance here, top line and bottom line continuing to grow year-over-year in 2023, and we see that continuing into 2024.

We put out guidance for the year with consolidated adjusted EBITDAre of $763 million at the midpoint inclusive of the full year contribution of JW Hill Country. And I think what's important to highlight here on both the top line guidance and the profitability guidance we've given is that there's disruption factored in there.

I mentioned that we'd be doing a couple of major projects at Gaylord Opryland. We're also renovating the rooms at the Palms, and then we'll be bringing online those projects at Gaylord Rockies that's going to have a combined $10 million to $11 million impact on the hospitality side. As we bring online Category 10 and renovate some rooms in Austin at the W Hotel will have an $8 million to $10 million disruptive impact on the entertainment business.

So absent that -- but even reflecting that still showing what we believe is very good growth in 2024, and we're really excited about what's going to come in 2024, but also even more so what can happen over the next 4 years as we continue to deploy capital into our existing portfolio to drive that next phase of growth for our company. We have a strong balance sheet to do this to close it out because I don't think I can be a CFO and do a presentation without covering the financial parts of this.

We've got very strong liquidity over $1.3 billion of access to cash in our credit facility, and that's better than we were at the end of '19. We have a well-staggered debt maturity schedule, no near term that we have to deal with. We may choose to refinance opportunistically the Rockies term loan, which would be our next piece of debt that we would choose to address. But the message here is that we have the balance sheet and liquidity to be able to finance the next stage of our growth without having to seek external financing. So that's it in a nutshell.

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## QUESTIONS AND ANSWERS

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

I think you got time for taking 1 or 2 questions. I'll tell you the few bullet points that I wrote down, my take away from the presentation. Greater visibility. (inaudible) slide, 2 to 4 years of visibility. Many of our lodging REITs have 2 to 3 weeks of visibility on the demand front. Higher RevPAR growth or higher RevPAR, 2x that of the peers, roughly. Higher profitability, almost no new competitive supply. Growing entertainment business, growing dividends, sounds like a pretty good package but -- we do have a breakout session following this, but anybody have a question?

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**Unidentified Analyst**

(inaudible).

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

We're going to look for ROI mid- to high teens returns on that unlevered. And we've historically been able to deliver on that for the projects. We've deployed almost $2 billion of capital since 2017. And been able to see those mid- to high-teen returns on those growth projects.

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

All right. The other thing I'd say is if you're thinking about investing in this company or you already have and you haven't been to 1 of the properties, it is really important. You see what a Gaylord actually is and what it does and we've taken groups through in the past, and it's eye-opening, how differentiated these products are from other hotels. Thank you very much. Appreciate it.

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

My pleasure.