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PRESENTATION

Operator

Welcome to Ryman Hospitality Properties first quarter 2025 earnings conference call. Hosting the call today from Ryman Hospitality Properties are Mr. Colin Reed, Executive Chairman; Mr. Mark Fioravanti, President and Chief Executive Officer; Ms. Jennifer Hutcheson, Chief Financial Officer; Mr. Patrick Chaffin, Chief Operating Officer; and Mr. Patrick Moore, Chief Executive Officer, Opry Entertainment Group. This call will be available for digital replay. The number is 800-934-3032 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 Hutcheson - *Ryman Hospitality Properties Inc - Chief Financial Officer & Executive Vice President*

Good morning. 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 fact may be deemed to be forward-looking statements. Words such as believes or expects are intended to identify these statements, which may be affected by many factors, including those listed in the company's SEC filings and in today's release.

The company's actual results may differ materially from the results we discuss or project today. We will not update any forward-looking statements, whether as a result of new information, future events or any other reason. We will also discuss non-GAAP financial measures today. We reconcile each non-GAAP measure to the most comparable GAAP measure in exhibit to today's release.

I'll now turn it over to Colin.

Colin Reed - *Ryman Hospitality Properties Inc - Executive Chairman of the Board*

Thanks, Jen. Good day, everyone, and thanks for joining us. We reported a very strong first quarter, including new first quarter records on top and bottom line. And we continue to grow the number of group room nights on the books for all future years relative to the same time last year. Gross group room nights booked in the first quarter of 26 and beyond were up double digits year-over-year at a record ADR booked during any first quarter.

In addition, our recent investments that have come back online delivered strong growth, while the investments currently underway in our Hospitality segment remain on time and on budget. I suppose our first quarter results could have warranted an increase in our outlook for the rest of the year, but last, we're living and operating in very strange times.

Our federal government's objective of rebalancing US trade with the Rest of the World is, to say the least, creating uncertainty and stress in not just our economy, but most major countries throughout the world. Businesses, both big and small, are trying to work out what it means to them, and we are no different.

For our meeting planners, this uncertainty has caused a new layer of complexity in their decision-making in regards to near-term meetings. As we sit here today, we started to see an uptick in attrition for meetings expected to travel over the next few quarters, as well as a modest pullback in demand for the in the year, for the year bookings.

I'll go off script for a second here now. Earlier today, we received our April production numbers, which were somewhat encouraging. And I think Patrick will give you some color on this data at the Q&A time. But it is our judgment that it is more likely than not that this caution will continue until some of these clouds of uncertainty disappear, which they will, but at this stage, we just don't know when. Primarily, that is what has caused us to slightly modify some aspects of our guidance that I'll touch on in a minute.

The second objective of federal government is to materially lower the cost of government after years of unprecedented cost increases. And here, we're dealing with what we have now come to know as DOGE. When this new department was announced, our expectations were that we could see some pullback in government-related business, which was captured in the low end of our prior guidance range. And so far, that is what has transpired.

The good news for us is that we made a decision at the very start of the year to get ahead of any potential pullback. And together with our operator, Marriott, we took an aggressive approach to margin management. In addition, our hotel leisure business returned to growth in the first quarter -- reversing the trends we saw late in the holiday period of last year.

So how do we interpret all of this as we look to the rest of the year? First of all, we think it's prudent to modify our full year outlook for hospitality RevPAR and Total RevPAR to reflect the likelihood that in the year for the year group business will be somewhat weaker than our assumption several months ago and also to reflect the potential for incremental attrition and cancellation activity beyond what we have seen so far this year. Jennifer will take you through the detail of these changes in a minute.

You'll note, we're not lowering our outlook for adjusted [EBITDA] or adjusted funds from operation, our strong first quarter results, together with our unique business model and the proactive efforts we have taken since the beginning of the year to manage our operating model and expense structure, allow us to maintain these ranges.

Our business model is particularly important during times like this, the diversification of our customer base, specifically our exposure to association group business, mitigate short-term fluctuations during periods of uncertainty. Associations are in the business to meet. And generally, those meetings occur regardless of economic conditions the global pandemic, I suppose, notwithstanding. In 2025, we happened to have more association business on the books than we did in 2024.

In addition, the contractual nature of group bookings provides a measure of downside protection through attrition and cancellation fees. Taking the great financial crisis as an example, our profitability decline in 2009 was approximately half that of the broader lodging REIT sector.

And finally, our single manager model, uniform hotel asset base and how we deploy our asset management resources, allow us to identify and effect changes to the operating model quickly, efficiently and on a broad scale across the portfolio. Importantly, our focus on the customer means these efficiencies aren't coming at the expense of the customer value proposition.

As regards to entertainment business, things are in good shape all around, good first quarter performance and newly renovated projects back in service, new growth projects identified and approved a few new projects that we have identified that we haven't discussed publicly, as of yet, are being worked on. Taken together, this means we can continue to focus on the long-term view while remaining nimble and responsive to the short-term market dynamics. And for our investors, this means we couldn't be better positioned for the current environment.

Having managed this business through 9/11, the great financial crisis, a once in a lifetime flood in Nashville in 2010 and the unprecedented COVID-19 pandemic that shuttered our hotels and venues in 2020. I remain as confident as ever in our management team's ability to navigate this period of dislocation, and emerge an even stronger company as we have demonstrated in prior periods of stress.

Now with that, let me turn over to Mark to discuss the quarter and our positioning in more detail. Mark?

Mark Fioravanti - *Ryman Hospitality Properties Inc - President, Chief Executive Officer, Director*

Thanks, Colin, and good afternoon, everyone. As Colin mentioned, our first quarter results were terrific. Consolidated revenue increased 11% compared to last year. Consolidated adjusted EBITDAre increased 15% and AFFO per fully diluted share increased 28%. Our Hospitality segment delivered record first quarter revenue and adjusted EBITDAre, driven by year-over-year RevPAR and total RevPAR growth of 10% and 9%, respectively.

We estimate the timing of the Easter holiday contributed approximately 220 basis points to the RevPAR growth. ADR of \$264 was also a first quarter record, up nearly 6% compared to last year with growth in both group and transient segments.

Our Entertainment segment generated revenue growth of 34% compared to last year and adjusted EBITDAre of \$21 million, an increase of 35%. Both figures for revenue and adjusted EBITDAre, were also first quarter records. While there's been a considerable decline in consumer confidence through the first four months of the year, the consumer segments our businesses serve continue to demonstrate strength in the first quarter.

In our hospitality segment, outside the room spending from our group customers was slightly better than we had anticipated with banquet and AV revenue up nearly 7% due in part to higher catering contribution per group room night despite a mix shift towards association. Associations comprised 28% of group room nights traveled in the first quarter an increase of nearly 300 basis points from the first quarter of last year, and on average, associations tend to spend less outside the room.

The increase in catering contribution for a group room night is encouraging as a reduction in outside-the-room spending can be a leading indicator in a slowing business environment. And capturing demand from premium groups regardless of their segment is a primary objective we're trying to achieve with the growth capital that we're deploying throughout the portfolio.

Consistent with our expectations, the capital projects that have come back online, are already driving early returns. At Gaylord Rockies, the reconcepted and expanded food and beverage outlets in the newly repositioned Grand Lodge, delivered 30% growth in outlet revenue per occupied room compared to last year.

And at Gaylord Palms, with the extensive rooms and lobby renovation complete, the first quarter of 2025 marked the second highest adjusted EBITDAre quarter of all time. Our leisure transient customers also performed well in the first quarter. Both demand and ADR increased 3% year-over-year. This quarter marked the first with year-over-year growth in leisure room nights since the first quarter of 2022. Performance was broad-based across the portfolio, except for Gaylord Opryland, which was impacted by new hotel supply that continues to be absorbed in the Nashville market.

Overall, our hotel portfolio meaningfully outperformed the industry in the first quarter, achieving a RevPAR and total RevPAR index relative to our Marriott defined competitive set of 110% and 155% of fair share. In our entertainment business, we continue to see our brands resonate with

country lifestyle consumers. The first quarter benefited from our recent investments at Category 10 and the W Austin Hotel coming back online. And overall, our venues saw higher attendance per show, particularly for the Grand Ole Opry as it celebrates its 100th birthday throughout 2025.

First quarter hotel bookings production was strong. Gross group room nights booked for all future years increased 10% year-over-year, with particular strength in bookings for 2026 and 2027, which were up 13% and 35%, respectively, compared to the same time last year for 2025 and 2026.

As Colin mentioned, more recently, we've seen some hesitancy among businesses and meeting planners to source near-term meetings, which has had an impact on in the year for the year group demand contributing to lower lead volumes and booking activities for 2025 relative to the same time last year for 2024.

To date, we've not seen a macro-driven pullback from our leisure transient or entertainment customers. While we have very limited visibility into how or when the current economic uncertainty will be resolved, we believe its impact on group business is a 2025 issue. And as the pandemic proved, the group meetings business is resilient and here to stay.

As a result, we're maintaining our focus on long-term value creation, while managing the short-term dynamics. Since the beginning of the year, our asset management team has been working closely with our operator, Marriott, to identify and implement operating model efficiencies and proactively communicate with our meeting planner customers that are focused on in the year for the year execution.

Our design and construction team has been sensitized in construction timelines to limit disruption as well as aggressively managing our sourcing and purchasing decisions to mitigate the potential impact of tariffs on our project budgets. Specifically, we've been diversifying our sourcing away from China to other countries where trade negotiations have been more productive and we've been expediting procurement for projects currently underway to get our materials and case goods to US ports within the 90-day window.

Our Entertainment business development team continues to drive profitable growth recently winning a 10-year contract to manage the 6,800 seat of send amphitheater located in downtown Nashville beginning in 2026. We are thrilled to be able to take on the stewardship of this wonderful venue.

And finally, our finance team continues to manage our liquidity position and maturity schedule, which Jennifer will discuss in more detail in a moment. The priorities we laid out last year at our Investor Day have not changed and we continue to operate our businesses to achieve the long-term financial objectives and capital returns we outlined.

As we shared at that time, our plans were based on a stable macro environment of low single-digit GDP growth. If ultimately, we face a more difficult environment. We have unique high-quality assets. We have a strong book of forward business and we have the ability and option to adjust our posture to navigate any near-term challenges. Given our strong first quarter results, our resilient business model and the proactive efforts we've been making since the beginning of the year to drive efficiencies, we couldn't be better positioned.

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

Jennifer Hutcheson - *Ryman Hospitality Properties Inc - Chief Financial Officer & Executive Vice President*

Thanks, Mark. Regarding our outlook for full year 2025, we now expect hospitality RevPAR growth in the range of 1.25% to 3.75% and Total RevPAR growth in the range of 0.75% to 3.25%. These revised guidance ranges for RevPAR and Total RevPAR growth reflect additional conservatism around government-related group business and in the year for the year group demand, as Colin and Mark discussed.

At the midpoint, our revised RevPAR growth guidance reflects lower group business volumes compared to 2024 and leisure volumes that are essentially flat to last year when excluding Gaylord Palms, which was under renovation for much of 2024.

The revised midpoint of our Total RevPAR growth guidance reflects our lower expectations for rooms revenue and associated outside the room spending as well as conservative assumptions for attrition and cancellation revenue, as attrition and cancellation fees are recognized as revenue only when collected. Often, we see a lag between when the business cancels and when we collect and recognize the revenue.

More importantly, our proactive efforts to manage our cost structure allow us to reiterate our guidance ranges for segment and consolidated adjusted EBITDAre, AFFO and AFFO per fully diluted share. For the full year, we still expect consolidated adjusted EBITDAre in the range of \$749 million to \$801 million, AFFO in the range of \$510 million to \$555 million, and AFFO per fully diluted share in the range of \$8.24 to \$8.86.

Let me provide some additional color on the expectations for the rest of the year. For our hospitality business, in the first half, we anticipate RevPAR growth in the low to mid-single-digit range and Total RevPAR growth in the low single-digit range. We expect segment adjusted EBITDAre margin to decline 50 to 130 basis points.

Given our actual performance in Q1, this implies at the midpoint of the range for the second quarter, roughly flat year-over-year growth in RevPAR, a negative low single-digit Total RevPAR decline. These estimates reflect the impact of the Easter shift between first and second quarter, meaningfully higher association group mix in the second quarter, and the onetime benefit of Tennessee franchise tax refunds recognized in the second quarter of 2024, which will not repeat in 2025.

For the second half of the year, we anticipate RevPAR and total RevPAR growth in the range of negative 1% to up low single digits and segment adjusted EBITDAre margin expansion of flat to up 150 basis points. Where we ultimately end up within the guidance range will be largely dependent on second half performance. The low end of the range allows for mid- to -high single-digit demand declines across both our group and transient segments in the second half of the year.

For our Entertainment business, our full year expectations are unchanged. There are a couple of items to note for the second quarter in this segment. First, OEG recognized a \$3.4 million Tennessee franchise tax refund in the second quarter of '24 that did not repeat in '25. In addition, the primary festival season for Southern Entertainment, our newest investment, occurs during the second quarter. And as such, we expect second quarter entertainment adjusted EBITDAre in margin to be more consistent with the first quarter of 2025 than the prior year.

Now turning to our balance sheet. We ended the first quarter with \$414 million of unrestricted cash on hand and our \$700 million revolving credit facility undrawn. OEG's \$80 million revolving credit facility had a balance of \$17 million outstanding. Taken together, our total available liquidity was approximately \$1.2 billion.

We retained an additional \$47 million of restricted cash available for FF&E and other maintenance projects. At the end of the quarter, our net leverage ratio based on total consolidated net debt to adjusted EBITDAre was 3.9 times. Earlier this week, we closed on a \$130 million add-on to OEG's Term Loan B with the use of proceeds to refinance the approximately \$128 million Block 21 CMBS loan that was set to mature in January of 2026.

We were able to complete this add-on at the same interest rate as OEG's existing Term Loan B facility despite some market choppiness, which speaks to the market's positive reception towards OEG's track record of growth, and portfolio of iconic brands. Pro forma for this transaction and as of its closing on April 28, our weighted average maturity is 4.8 years for our debt, and our next debt maturity is May 2027.

And finally, let me comment on our anticipated major cash outflows for the year. Regarding our outlook for capital expenditures in 2025, we are lowering our expectations from \$400 million to \$500 million to \$350 million to \$450 million for the year based on the latest construction time lines for projects currently underway and the planned rooms renovation at Gaylord Texan, which we now intend to start in July.

At this time, the scope of our multiyear capital deployment program remains unchanged as we continue to believe that these enhancements are critical to long-term value creation for our customers and our shareholders. That said, the discrete nature of these projects gives us flexibility to adjust our plans with evolving macro conditions. Regarding our dividend, it remains our intention to continue to pay 100% of our REIT taxable income through dividends.

And with that, Leo, let's open it up for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions)

Chris Woronka, Deutsche Bank.

Chris Woronka - Deutsche Bank AG - Analyst

Congratulations on a very nice quarter. I was hoping to kind of ask first, I understand maybe Patrick had some data points about April production. But really just trying to kind of I guess, delineate what may be short term, how short term in nature is the hesitancy that you're seeing because it sounds like you're still seeing very good momentum for the out years. So what allows this to stay to kind of a 2025 issue, if that makes sense.

Colin Reed - Ryman Hospitality Properties Inc - Executive Chairman of the Board

Just make one observation. Chris, over the years, this team -- we've dealt with these volatile moments multiple times. And this one, we believe, is no different, but as we look forward, rest of this year, particularly next year and the year after, our business looks really, really good. So Patrick, do you want to give Chris and whoever else is listening a little update on where we are.

Patrick Chaffin - Ryman Hospitality Properties Inc - Executive Vice President, Chief Operating Officer - Hotels

Yes, absolutely. Chris, it's good to hear from you. To kind of answer your question, obviously. No one knows for sure how long this will last. There's a lot of uncertainty and a lot of groups are just being hesitant and extending their booking window a little bit as a result, and we're seeing that.

But I would tell you that we just got our April production numbers, as Colin alluded to. And what I saw in there that was encouraging to me is that lead volumes at the end of March for in the year for the year were down 50%. At the end of April, they were only down 8%. So we saw a marked improvement just in the lead volumes in the year for the year.

Our lead volumes for '26, '27 and our bookings continue to be very encouraging. So we don't see any kind of weakness there. It's really thus far restricted to the end of the year for the year. And then as far as bookings go, that was lead volumes. But as far as bookings go, we've been essentially flattish in what we're booking in terms of room nights year-over-year, both year-to-date and in the month of April, but our rate has been very solid.

So we look at this and say, yes, there are some out there who are panicking and maybe dropping rate. But from our perspective, we've seen flattish demand in terms of room nights, and we've been able to continue driving rate. So both of those are encouraging that we've seen a little bit of moderation in what had been a decline in lead volumes that were pretty marked in March that have kind of softened a bit and moving in the right direction now. And then we continue to do a great job on the rate side.

Colin Reed - Ryman Hospitality Properties Inc - Executive Chairman of the Board

And Jen talked about our capital deployment program is we're not modifying and changing that because we feel very good about the long term. And maybe one of you to either Mark or Patrick talk a little bit about revenue on the books, T+1, T+2, which again, it's extraordinarily encouraging.

Mark Fioravanti - *Ryman Hospitality Properties Inc - President, Chief Executive Officer, Director*

In terms of '26 and '27, they continue to be very strong and have gotten stronger, both rooms. In both years, rooms are up low to mid-single digits. Revenue is up 9% and 13%, respectively for '26 and '27. And as the majority of that increase is rate. So that's the premium that is as sticky as you move towards that travel date. So we feel very, very good about how we're positioned for '26 and '27.

And Chris, the one thing I would add, I guess, in terms of what we're seeing staying within 2025, I think that one thing that's unique about the situation today is that this situation can end very, very quickly with a few trade deals or a few well-placed tweets -- and I think that things change dramatically.

Chris Woronka - *Deutsche Bank AG - Analyst*

Yes. Agreed. And I appreciate all those data points, sounds pretty encouraging. If I could sneak in a quick follow-up, just going back to the comment about costs, and you brought in the RevPAR guidance by a point and Total RevPAR by a point, but the EBITDA remains unchanged. I mean, can you give us maybe an example two of what actually -- what are the costs that you can -- or was it just the conservatism the initial guide or what allows you to kind of stick to that range with possibly lower RevPAR.

Patrick Chaffin - *Ryman Hospitality Properties Inc - Executive Vice President, Chief Operating Officer - Hotels*

Chris, this is Patrick again. I would tell you from the first week of January, we started getting pretty aggressive from a cost perspective just because we knew that there was a potential for some turbulence this year. And we currently have roughly \$28 million to \$30 million of profit improvement plans already loaded into our forecast and have had the properties acting on those and executing against them essentially since the first week of January.

So we didn't waste any time. We wanted to get ahead of it. Obviously, profit improvement plans are annualized. So the more that you can capture early on, the better off you are. And that allows us also then to make sure that the margin improvements that we've enacted are minimizing any impact to customers or to our employees. And so we acted early, we acted quickly -- and as a result, we've safeguarded from what we can see right now, we've done a pretty good job of safeguarding our bottom line and thus, our guidance.

Mark Fioravanti - *Ryman Hospitality Properties Inc - President, Chief Executive Officer, Director*

I was just going to say, Chris, while wages were up in the first quarter, as you would expect, our wage margin improved 40 basis points. So the operating teams and Patrick's team has done a very good job at just finding ways to be more efficient. Our hours per occupied room improved 60 basis points. So they're undertaking some very specific activities as it relates to making changes to the operating model, but it's also just being very, very focused on the details and very disciplined in how we how we manage things like labor.

Colin Reed - *Ryman Hospitality Properties Inc - Executive Chairman of the Board*

Yes. That's a good point, Mark. What I was going to say is sort of a variation on a theme and that is when we talk about \$20 million to \$30 million, it sounds like a hell of a lot of money, and it is. But when you think about the cost structure of our hotel business, Patrick, we're spending annually \$1.2 billion, \$1.3 billion in expenses of all come. We're about \$2 billion in revenue in our hotel business and we run an EBITDA margin. So our team is just doing a very good job, as is Marriott, on managing this cost side in this volatile time.

Chris Woronka - *Deutsche Bank AG - Analyst*

Okay. Super helpful. I appreciate all the color guys.

Operator

Jack Armstrong, Wells Fargo.

Jack Armstrong - Wells Fargo - Analyst

Can you elaborate a little bit more on the strategy behind the acquisition of the majority interest in southern entertainment. And are there other similar types of opportunities in your evaluating market to grow over year?

Patrick Moore - Ryman Hospitality Properties Inc - Chief Executive Officer, Opry Entertainment Group

Yes. Thank you. This is Patrick Moore.

Yes. So Southern Entertainment represents a really fascinating opportunity for us to increase the overall surface area of the opportunity set for live venues and live entertainment. The operators of Southern Entertainment operate some of the best and most successful long-standing country music festivals in the country.

And as a consequence, we're able to both increase and circulate our fans across all of our venues. And secondarily, there's a nice flywheel effect with artists. So many of the artists that play the Opry or the Ryman or Austin City Limits also play those country music festivals. That sort of business segment, if you will, offers us the opportunity also to look at other venues in the festival space that are -- more fungible sort of sector of the live entertainment space than is sort of iconic venues like the Ryman or ACL.

Jack Armstrong - Wells Fargo - Analyst

Great. That's really helpful. And as you're kind of continuing to expand OEG pretty fantastic growth rate in Q1 with the addition of Southern Entertainment, are you starting to think more about the point where you're going to have to spin out at least a portion of OEG given that probably approaching the bad income threshold to where you might lose your REIT status? Or is that still a little bit further out given the macroeconomic uncertainty?

Mark Fioravanti - Ryman Hospitality Properties Inc - President, Chief Executive Officer, Director

No, we have a lot of runway as it relates to the 75% income test for the asset test, just given the scale of our hotel business, we have plenty of runway. We'll make the decision to separate this business when it makes the most sense for the business and for shareholders and when the market is receptive to it.

Colin Reed - Ryman Hospitality Properties Inc - Executive Chairman of the Board

Yes. And Jack, unlike others in the hotel business, we've got a hotel business that's growing like hell anyway. So the runway is naturally getting wider.

Operator

Duane Pfennigwerth, Evercore ISI.

Duane Pfennigwerth - *Evercore ISI - Analyst*

I wanted to ask you about the typical composition of in the year for the year demand more broadly. I don't know if there's such a thing as a typical year anymore or a normal year anymore, but -- if you enter a year at 50% occupied and end the year at 70%, what is the composition of that 20 points of occupancy that you pick up in the year? And how might the composition of that look different this year?

Patrick Chaffin - *Ryman Hospitality Properties Inc - Executive Vice President, Chief Operating Officer - Hotels*

Yes. So that remaining business that we pick up in the year for the year is going to be a big chunk of that is going to be leisure, right? We're roughly 75% group, 25% leisure. That's all going to book within a 30- to 90-day window. And then on the group side, it's typically on average, it's going to be corporate business. Your associations are booking much further out, your SMERF groups, government type groups typically are booking further out. So it's going to be corporate on the government or on the group side and then the leisure component.

Duane Pfennigwerth - *Evercore ISI - Analyst*

Appreciate that. And then one question we're getting from clients here is, can you speak to the implied attrition cancellation embedded in the guidance for the rest of the year?

Jennifer Hutcheson - *Ryman Hospitality Properties Inc - Chief Financial Officer & Executive Vice President*

As far as the revenue recognition on the attrition and cancellation I kind of had a note in my remarks about the fact that we recognize that when we collect it. So you're not going to naturally assume that's like in the quarter that you experienced attrition and cancellation. I had comments about the expectations and the assumptions at the midpoint of our guidance in terms of year-over-year demand increases.

And specifically at the low end, it does factor in some fair amount of conservatism in terms of the overall room nights that could be absorbed in the form of attrition and cancellation at the low end when you're looking at it year-over-year and normalizing for the fact that we had the Palms rooms, out of service in 2024.

Operator

Smedes Rose, Citi.

Smedes Rose - *Citigroup Inc - Analyst*

I just wanted to ask a little bit more. You sort of talked a little bit in your opening remarks call about -- so the cancellations that you are seeing in the year for the year, it sounds like some of that is some government business that the association business is hanging in there. I guess, could you just talk a little bit more about the composition of who's dropping out? And if you're seeing it any one property, maybe even more than another? Or is it sort of equal throughout the portfolio?

Patrick Chaffin - *Ryman Hospitality Properties Inc - Executive Vice President, Chief Operating Officer - Hotels*

Smedes, it's Patrick. Good to hear from you. Yes, it's dominated by the government side. There's always cancellations, right? Every single year has cancellations. But if there's any kind of marked increase right now, it's just on the government side. It is not relegated to one property in particular. So it's across the portfolio, and it's mostly on the government side and everything else is just pretty much within the norm of what we typically see in a year.

Colin Reed - *Ryman Hospitality Properties Inc - Executive Chairman of the Board*

And Patrick comment a little bit about when we were finalizing our budgets with Marriott in January, we took into consideration this whole rhetoric about cutting government waste fraud abuse. And we anticipated a little bit of a pullback here in our planning.

Patrick Chaffin - *Ryman Hospitality Properties Inc - Executive Vice President, Chief Operating Officer - Hotels*

Yes, again, that's part of the reason that we are able to maintain our adjusted EBITDA range that we provided on the guidance side. because we anticipated it. And then as we were talking about earlier, we immediately went into action on the profit improvement plan to provide ourselves a little bit of insulation, should it happen. And as it started to happen, we feel we've taken the right actions to mitigate that thus far. It's anybody's guess where it goes from here. But again, we did see some encouraging information in our April production both in terms of lead volume as well as in the year, for the year bookings.

Smedes Rose - *Citigroup Inc - Analyst*

And I just wanted to ask you, I mean, you guys have talked about this before, but I'd be interested in any sort of updates on the positive or potentially negative or neutral impact from the opening of I think Chula Vista is scheduled to open later this month. I think before, you've talked about the overall sort of group system broadening out and more people coming into the Gaylord system. Is that sort of still the case? Or has there been any changes, I guess, with the kind of change in the uncertainty around the macro environment?

Mark Fioravanti - *Ryman Hospitality Properties Inc - President, Chief Executive Officer, Director*

No. I mean as we've reported on before, we have seen business originating out of Pacific into the rest of the portfolio. It's hard for us to get into too much detail because we don't -- we can't see into ultimately what their inventory looks like. But we watch very carefully to see if we can identify any areas of our business where we're seeing a negative impact as it relates to forward bookings.

And thus far, we haven't seen anything, whether it's a slowdown or an erosion of bookings, we haven't seen that in the portfolio. And the positive side of it is that the rooms that we've seen rotate into our part of the portfolio have been at significantly higher rates. They're about 9% higher from a rate perspective than our other rotational business that doesn't originate out of California.

Colin Reed - *Ryman Hospitality Properties Inc - Executive Chairman of the Board*

But as it opens over the next two, three, four months from now, we'll be obviously putting it under the microscope and understanding its impact.

Mark Fioravanti - *Ryman Hospitality Properties Inc - President, Chief Executive Officer, Director*

Yes. Historically, if you look at previous openings, the flywheel effect of having a new property for the rest of the portfolio actually gains momentum as people experience new customers go into that new hotel and experience the Gaylord brand.

Operator

Ari Klein, BMO Capital Markets.

Ari Klein - BMO Capital Markets - Analyst

I was hoping maybe you can provide a little bit more color on the end of year for the year expectations within the guidance and how -- maybe how that changed from what you thought would look like previously? And then maybe just from a renovation disruption standpoint, yes, I think you're expecting 300 basis points for the year. What was that in Q1? And what does that kind of look like the rest of the year?

Jennifer Hutcheson - Ryman Hospitality Properties Inc - Chief Financial Officer & Executive Vice President

So I think the biggest indication of our change in assumptions that to point to is the lowering of the range on the top line. RevPAR and Total RevPAR decline in the midpoint by 100 basis points driven really by the lower in the year for the year booking assumptions.

And the math around that is really when you think about coming into the year with 50 points of occupancy as Patrick was outlining earlier, some of that -- the remainder coming from leisure and in the year for the year corporate book, doing the math around that and reducing the assumption for that remaining piece that's not on the books at the beginning of the year. That's really the math that factors around how you lower our outlook for the demand component for the rest of the year, not really changing our assumptions on the rate side.

Ari Klein - BMO Capital Markets - Analyst

And then you mentioned potentially pulling back on some projects, depending on the macro. Is that something you're currently evaluating? Or would you really need to see the macro materially weaken there? And then some of the planned projects are pretty significant in scope. Is there any material impact on cost you're anticipating from tariffs?

Colin Reed - Ryman Hospitality Properties Inc - Executive Chairman of the Board

So this is Colin. There is no explicit formula here. This is a very dynamic moment in time as we think about bookings. When we did our earnings scripts when we did our releases, it was based on everything that we've seen through to the end of March. And that was the hypothesis.

Now the wrinkle is what we've just experienced in April that was literally hot off the press last night first thing this morning. And as Patrick articulated, we saw at the end of March, lead volumes for in the year, for the year declined quite a bit. But then things have changed relatively positively in April. How this translates into May and June, we will understand that when we get there, but our assumptions are at this stage, given things that Mark talked about, consumers pulling back a bit we think it's prudent to shave the assumption for the in the year, for the year business.

If we have seen a 50% decline in lead volumes in April, and room nights booked half of what we booked in April for in the year, for the year, I think we would be talking about this with a little bit more aggression. But that is not what we're seeing currently.

Pat, do you want to add to that?

Patrick Chaffin - Ryman Hospitality Properties Inc - Executive Vice President, Chief Operating Officer - Hotels

Yes. I would say on the tariff question, there's basically three really big projects that we've got going on right now. The space expansion at Opryland the sports bar and events lawn construction at Opryland and then the Texan rooms renovation. The rooms renovation kicks off here in a couple of months. From a tariff perspective, we were able to get or will have gotten all the materials necessary for that renovation on the ground within the 90-day extension around tariffs.

So we're feeling very, very good that our design and construction team did an excellent job of sourcing to countries where we feel there will be trade deals, but we should have the vast majority of materials on the ground prior to that 90-day window expiring. The only area where we really have any exposure right now from a tariff perspective that we can see is on steel for the space expansion at Opryland and the sports bar, but they're doing a great job of getting that on the ground quickly and also seeking alternatives.

But even then it is a minimal impact to the overall project budget. So very, very proud of how our design and construction team has managed that. I think we all are, and we think we've minimized the impact. The other thing that you asked about as far as pull back on projects. We are continuing forward for like 2026 with designing everything that could potentially go into construction, and we will watch the rest of this year very carefully and decide whether or not to shelf those designs and pull back in some of those projects.

But right now, we're knee deep in some of the projects that are already underway and proceeding with them. Smaller projects, we're definitely pulling back and saying, are they a high priority and shelving them for a period of time until we get greater visibility.

Mark Fioravanti - *Ryman Hospitality Properties Inc - President, Chief Executive Officer, Director*

The only thing I would add is that if we would see a material decline in the year for the year and we see occupancy opening up, you may very well see us accelerate things like rooms renovation, the ballroom renovations to do those things when we have the least amount of disruption as we did in right, we have availability, so let's get it done. So I think it really depends on the project and how demand influences how we think about it.

Operator

Shaun Kelley, Bank of America.

Shaun Kelly - *BofA Securities - Analyst*

First, I just wanted to go back to some of the government stuff. And I apologize if I missed this earlier, I had some technical issues joining, but big picture, just could you remind us across the portfolio, what's government exposure across both sort of normal segments and association if that's relevant.

And then I think there's been a lot of questions we've had on the National. So could you help us break down kind of the curve there a little bit in terms of exposures and sort of how you think that property weathers the efficiency drive in D.C. based on what you're seeing right now?

Patrick Chaffin - *Ryman Hospitality Properties Inc - Executive Vice President, Chief Operating Officer - Hotels*

Yes. So we looked across the entire remainder of the year, and we do not have a significant amount of government business. We've had a few cancellations. But looking across the remainder of the year, stress testing our model, we assume what if every single one of those government groups canceled, would we be okay from an adjusted EBITDA guidance perspective.

And we feel very comfortable that we can weather the storm pretty well because our government exposure is not massive. Typically, it is higher at Gaylord National, but I would tell you there were some groups that we're moving through the entire portfolio. So it kind of evened it out. It's not just relegated to National. But again, from a stress testing perspective, it's not a massive amount. And if we were to lose all of that business, we feel pretty good that we're still within the adjusted EBITDA range.

Shaun Kelly - *BofA Securities - Analyst*

Perfect. And --

Colin Reed - *Ryman Hospitality Properties Inc - Executive Chairman of the Board*

Just -- Patrick, our room nights on the books for national are very healthy this year.

Patrick Chaffin - *Ryman Hospitality Properties Inc - Executive Vice President, Chief Operating Officer - Hotels*

They are, very. The National has continued to be on an upward trajectory over the past three or four years, since we reopened it after COVID, and is in a really strong position for this year.

Shaun Kelly - *BofA Securities - Analyst*

Fantastic. And then second question, and this is sort of the bigger picture strategy point. But during COVID, you all sort of leaned in, I think, very creatively when you saw sort of a market share opportunity. Given that every downturn is a little different and that was a lot of cancellation rebook activity, but an environment no one could control?

Based on what we see right now, do you think this is a little bit more of a kind of a classic pullback? And would the general approach to be a little bit on the enforcement side of cancellation fees? Or how do you kind of strike the right balance? Because obviously, as we look back, I think your approach during COVID had a lot of merits to it.

Colin Reed - *Ryman Hospitality Properties Inc - Executive Chairman of the Board*

Mark and Patrick and I earlier this week, met with the CEO of Marriott here in our offices here in Nashville. And we had this very discussion about we need to be on the front foot here. We need to figure out as a business how we take advantage of this. Because when you get stress and distress, this is a period of opportunity.

And we talked about potentially recruiting high-quality salespeople in this period of time. And so it's something that is very much top of mind for our asset management team led by Patrick. And I know Mark and I feel very much the same way, and it's something that we're going to continue to work on here.

But the difference between what we're experiencing today versus what we experienced in COVID. Mark touched on it a few minutes ago, which is this thing could change dramatically with a tweet or two or we have now secured a trade deal with China or we're in discussions with China. So we are really thinking about it as a company, how we take advantage of this stuff, but how long it lasts, who knows?

Mark Fioravanti - *Ryman Hospitality Properties Inc - President, Chief Executive Officer, Director*

Shaun, every group is unique and every situation is unique. But -- to your point, this is much more classically like a recession than COVID where there was a lot more instead of collecting fees or having the ability to collect fees because of force majeure to rebooking rooms. I think you'll see us more aggressively collecting fees here, although we'll always work with our best customers to try to create a business solution that works for everybody involved.

Patrick Chaffin - *Ryman Hospitality Properties Inc - Executive Vice President, Chief Operating Officer - Hotels*

Yes. I would tell you, based on the cancellations we've incurred so far, I'm very encouraged by the collective team's ability to collect the outstanding collection fees that were due to us. And to Colin's point, we look at every single crisis as an opportunity to exploit and create new opportunities.

And we spent about five hours last week with the Marriott above property team specific to our portfolio going through and looking at short-term strategies with a great focus on analytics of group behavior of what's been going on over the past couple of years and what's going on specifically right now of really deep diving in and saying, okay, how do we target the sales team to really exploit some of these short-term opportunities. So we always take every single crisis as an opportunity to steal additional market share, and this is no different.

Jennifer Hutcheson - *Ryman Hospitality Properties Inc - Chief Financial Officer & Executive Vice President*

And I'd point out as well that just the fact that we're dealing with one operator in this case, you keep hearing us talk about the fact that we're working directly with Marriott, and we're able to be proactive. I think the fact that we've got one manager to deal with allows us to be as nimble as anybody, maybe more so, to be able to be consistently and quickly applying the approach.

Colin Reed - *Ryman Hospitality Properties Inc - Executive Chairman of the Board*

The irony was when Mark and I were doing our road shows back when we were converting this company from a C to a REIT. We were told by the REIT mafia that this was actually negative that we should have broad distribution of managers. And I got to tell you, I think that is so crazy. We have such an advantage by dealing with one manager at this moment, how we deal with sales, how we deal with costs, there is such an advantage right now.

Operator

David Katz, Jefferies.

David Katz - *Jefferies - Analyst*

So number 1, I wanted to just sort of go a little further with respect to the productivity plan. And if you could flesh that out of it, is that yours? Is it in conjunction with Marriott? What -- how is that working? And what's that about?

And then secondarily, with respect to the entertainment side, what do we know about sort of behavior economic cycles? And are you seeing anything that's sort of interesting or noteworthy, not necessarily negative but just trying to get a better sense of that customer base.

Colin Reed - *Ryman Hospitality Properties Inc - Executive Chairman of the Board*

Well, I think as far as productivity, Mark, Patrick, I will tell you that it's been driven by our asset management team. And the start of all of this is when we sat with them months ago as we were planning for '25 and beyond, and Patrick led a conversation with Marriott about productivity, margin, cost savings in these volatile times. So you want to put more color on it?

Patrick Chaffin - *Ryman Hospitality Properties Inc - Executive Vice President, Chief Operating Officer - Hotels*

Yes. I mean it is -- there's a lot of aspects to it. I would tell you one of the things we've been doing post COVID and put a lot of effort towards us moving away from contracted labor. There was a heavy reliance across the hospitality industry on contract labor and as we move away from that, that gives us additional flexibility in how we manage labor on our side.

The other thing that we've really focused on post 2020 and 2021 especially on the management side, is doing more with less, spending a little bit more to hire the right people into top positions so that we have the best talent and don't necessarily throw bodies at issues but have really smart, capable folks solving problems through efficiencies as opposed to just adding bodies.

So I would say that as well as Marriott overall, as an organization, continues to enhance and refine its analytics around labor, which just gives us greater data with which to go after opportunities. So that's kind of a joint effort to summarize.

Colin Reed - *Ryman Hospitality Properties Inc - Executive Chairman of the Board*

David being the authors of this brand being the authors of this brand -- we know how to operate these businesses. And so this is a question that I think our asset management team have been on with Marriott since the day they started as a manager. And that's why I think we have really good margins in this business.

Mark Fioravanti - *Ryman Hospitality Properties Inc - President, Chief Executive Officer, Director*

Yes. I think the other thing, Dave, this is in the cost reduction. But when you look at where we deploy capital and those assets have come online like the Rockies, for example, whether it's spend per occupied room, whether it's profitability customer set or intent to recommend, all of those things are up dramatically year-over-year because we're just delivering greater value to our customer.

Patrick Moore - *Ryman Hospitality Properties Inc - Chief Executive Officer, Opry Entertainment Group*

Happy to talk about the customers for the sort of live events in the entertainment business. I'd say two points. First, from a macro standpoint, live experiences, live music are an incredibly resilient part of the economy. So in through-cycle environments, you see really strong performance relative to other sectors in live music.

Secondarily, from a micro standpoint, if you look at the deplanements as an example from -- for the first quarter for the Nashville airport, we're up 5% year-to-date. So when you think about tourism and travel, there are some local and domestic markets where gas prices and other things actually might actually induce an increase in sort of local travel, and we get a lot of our business from local and regional drive-to markets.

So I think right now, we're not seeing any real issues with the economy with respect to live music and live entertainment. But of course, like a hotel business, we're going to be cautious and see kind of like what happens. And if we get another good tweet or two conditions could change dramatically.

Colin Reed - *Ryman Hospitality Properties Inc - Executive Chairman of the Board*

And I think COVID kind of changed the psychology of a lot of people, being cocooned in their basement and they realized the value of being out and enjoying themselves and live entertainment is continuing to grow and grow.

Mark Fioravanti - *Ryman Hospitality Properties Inc - President, Chief Executive Officer, Director*

Live Nation reported today, I think. And they reported very strong consumer spending.

David Katz - *Jefferies - Analyst*

It was.

Operator

Chris Darling, Green Street.

Chris Darling - *Green Street - Analyst*

Colin, in your prepared remarks, you talked about Ryman's experience in the great financial crisis. I think you mentioned that the decline to profitability was about half that of the broader hotel industry. Hoping you could elaborate on some of the driving factors there.

And then as I think about what might be different going forward, presumably, Ryman's ADR is much higher today relative to the comp set than it was at the time. And I wonder if you think that might create incremental risk relative to past cycles.

Colin Reed - *Ryman Hospitality Properties Inc - Executive Chairman of the Board*

Yes. It was a long time ago, but we remember it like yesterday, we were down - and I may reverse these. We were down like 10 and 9 or 9 and 10, where it was either 9 in revenue and 10 in profitability or vice versa, it was one of those two. And the reason was because we collected literally tens of millions of dollars in cancellation fees. And this fundamentally anesthetized our company. And if you look at the broad industry back then, the REIT industry, the numbers were pretty dramatic in '09. And of course, we learned a lot of lessons from '09.

And that was one of the reasons, Chris, why we took some of the decisions we took in the COVID period of time, by sitting with and working with meeting planners and forgiving cancellation fees for the re-upping of business. So I think if we hit a recession this year, if things do go off the rails, I think we've really got our finger on the policy. And I think that this whole contractual nature of our business will fundamentally anesthetize how we perform.

Mark Fioravanti - *Ryman Hospitality Properties Inc - President, Chief Executive Officer, Director*

Yes, Chris, in addition to the fees, the other phenomenon that occurs is that as rates decline going into a recession, our rate actually declined at a much lower rate because we put business on the books in advance. So as leisure transient-oriented hotels go into a recession first. And typically, there's more variability.

Colin Reed - *Ryman Hospitality Properties Inc - Executive Chairman of the Board*

Yes. One thing that we saw in '09 that we've seen a little bit of it in the last month or so from those operators that I would characterize as probably not as high quality as others. But one thing we saw in '09 was a dramatic discounting, particularly coming out of Las Vegas. I remember this again, Patrick, you may have some data on this, but we saw rates being slashed to book group business in '09 by \$50 and \$100. We haven't seen that here in the last month or two.

Patrick Chaffin - *Ryman Hospitality Properties Inc - Executive Vice President, Chief Operating Officer - Hotels*

No, to your point, there's a few folks out there that are panicking. But for the most part, you've heard the comments from our peer set and most everyone is doing a pretty good job of managing rate right now. So there's a few out there who are freaking out. But like I mentioned, we feel very, very good at what the teams have been able to do to maintain rate in the year for the year, both on the leisure side as well as on the group side.

Mark Fioravanti - *Ryman Hospitality Properties Inc - President, Chief Executive Officer, Director*

Was that helpful, Chris?

Chris Darling - *Green Street - Analyst*

Yes, I was going to say helpful context all around. So thank you for the time.

Colin Reed - *Ryman Hospitality Properties Inc - Executive Chairman of the Board*

Yes. I understand we may have one or two more in the queue if we do, let's just get it done.

Operator

Jay Kornreich, Wedbush Securities.

Jay Kornreich - Wedbush Securities - Analyst

I'll just do one question here. Just going back to the leisure transient customer, which you said saw a return of growth in the first quarter. Just curious if you've seen any type of softness or change in habits in that customer base since April started -- and if there's much concern for slowdown and that leisure travel -- leisure trend segment as the year progresses or if you expect some of that first quarter strength to continue?

Patrick Chaffin - Ryman Hospitality Properties Inc - Executive Vice President, Chief Operating Officer - Hotels

Jay, this is Patrick. Great question. One of the things we watch real closely was spring break. That's always a great indicator of how leisure travelers are feeling for the summertime. We'll watch and see if that happens, given the volatility out there right now, but spring break was very encouraging. We feel really good about how it performed. We've been watching the Orlando market very closely.

It started experiencing some softness back in '23 across the market that continued through -- and it appears that the opening of Epic Universe in the Orlando market is having a halo effect for the entire market. And so we are well positioned with Gaylord Palms out of its full renovation and are excited about some of the growth that we've seen there year-over-year coming out of that renovation.

So spring break performed well -- we are watching closely. We're doing a great job of managing the rate side and not giving up on the rate side as we've been talking about. So thus far, we think leisure travel is doing okay.

And I would point out the other thing is our hotels become a staycation opportunity for a lot of travelers who decide to maybe pull back on international travel. So we think we're well positioned with some of our unique pool assets to capitalize on any additional demand that may decide to stay home instead of going overseas this year.

Operator

John DeCree, CBRE.

John DeCree - CBRE Securities - Analyst

I think you answered my question on leisure there, but you brought up international travel. I'm not sure if inbound international travel is a very large piece of your business. I'm sure it's not, but maybe on the small side. It's a theme that we're hearing in the travel and leisure industry. So curious if you have much exposure to any international travel and if you've kind of seen any change in those patterns?

Patrick Chaffin - Ryman Hospitality Properties Inc - Executive Vice President, Chief Operating Officer - Hotels

Yes. The only place we've seen on impact was on some of the Canadian travelers who are pulling back in their plans for traveling at Christmas time. We do benefit specifically Gaylord Opryland here in Nashville around some of the Canadian travelers coming down through the tour and travel groups, but we've got plenty of time to course correct for that, and it's not a big part of our business.

Colin Reed - *Ryman Hospitality Properties Inc - Executive Chairman of the Board*

Yes. The offset though to that, Patrick, is that this week, next week, we have to new international clients coming into this town, one from Ireland and one from Iceland, which is that Northern European hub. So as Patrick -- more said just a second ago, inbound travel into travel into Nashville increased 5% in the first quarter, and we suspect it will increase again in the second quarter, particularly with all these new international stuff that's coming in. So steady as she goes.

Leo, I think that's it. We appreciate everybody being with us today. These are interesting times we're living in. I feel our team has -- really and truly has their finger on the pulse -- and if you have any further questions, you know how to get a hold of Jen and her IR team or Mark. So thank you, everyone, and have a good day.

Operator

This does conclude today's Ryman Hospitality Properties first quarter 2025 earnings conference call. You may now disconnect your lines, and everyone, have a great Day.

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