

SPECIAL **REAL CONVERSATIONS** SERIES

HEDGEYE TV

THE GREAT REOPENING: INVESTING IMPLICATIONS IN A POST-PANDEMIC WORLD

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BEST / HIGH CONVICTION IDEAS

BEST IDEA - LONGS		Mkt Cap (\$B)	BEST IDEA - SHORTS		Mkt Cap (\$B)
PENN	Penn National Gaming, Inc.	\$11.3B	PK	Park Hotels & Resorts, Inc.	\$4.4B
BYD	Boyd Gaming Corporation	\$6.3B	XHR	Xenia Hotels & Resorts, Inc.	\$2.1B
RRR	Red Rock Resorts, Inc. Class A	\$4.7B	NCLH	Norwegian Cruise Line Holdings Ltd.	\$9.5B
EXPE	Expedia Group, Inc.	\$22.8B			
BKNG	Booking Holdings Inc.	\$89.8B			
RHP	Ryman Hospitality Properties, Inc.	\$4.5B			

OTHER CLOSELY FOLLOWED STOCKS (1)

WITH LONG BIAS (2)		Mkt Cap (\$B)	SWITZERLAND		Mkt Cap (\$B)	WITH SHORT BIAS (2)		Mkt Cap (\$B)
ABNB	Airbnb, Inc	\$97.5B	G13-SG	Genting Singapore Limited	SGD 9.9B	DKNG	DraftKings Inc Class A	\$19.8B
MLCO	Melco Resorts and Entertainment Ltd	\$7.2B	TRVG	trivago N.V. Sponsored ADR Class A	\$1.1B	HST	Host Hotels & Resorts, Inc.	\$11.3B
WH	Wyndham Hotels & Resorts, Inc.	\$6.5B	27-HK	Galaxy Entertainment Group Limited	HKD 248.3B	MAR	Marriott International, Inc. Class A	\$45.2B
CHH	Choice Hotels International, Inc.	\$6.5B	H	Hyatt Hotels Corporation Class A	\$5.8B	PEB	Pebblebrook Hotel Trust	\$3.1B
WYNN	Wynn Resorts, Limited	\$12.4B	RCL	Royal Caribbean Group	\$19.9B			
			HLT	Hilton Worldwide Holdings Inc	\$34.6B			
			DRH	DiamondRock Hospitality Company	\$1.9B			
			CCL	Carnival Corporation	\$22.1B			
			TRIP	TripAdvisor, Inc.	\$4.5B			
			MGM	MGM Resorts International	\$19.3B			
			LVS	Las Vegas Sands Corp.	\$36.0B			

LAST UPDATED: 7/26/2021

NOTES

(1) Other closely followed stocks are segment by our biases

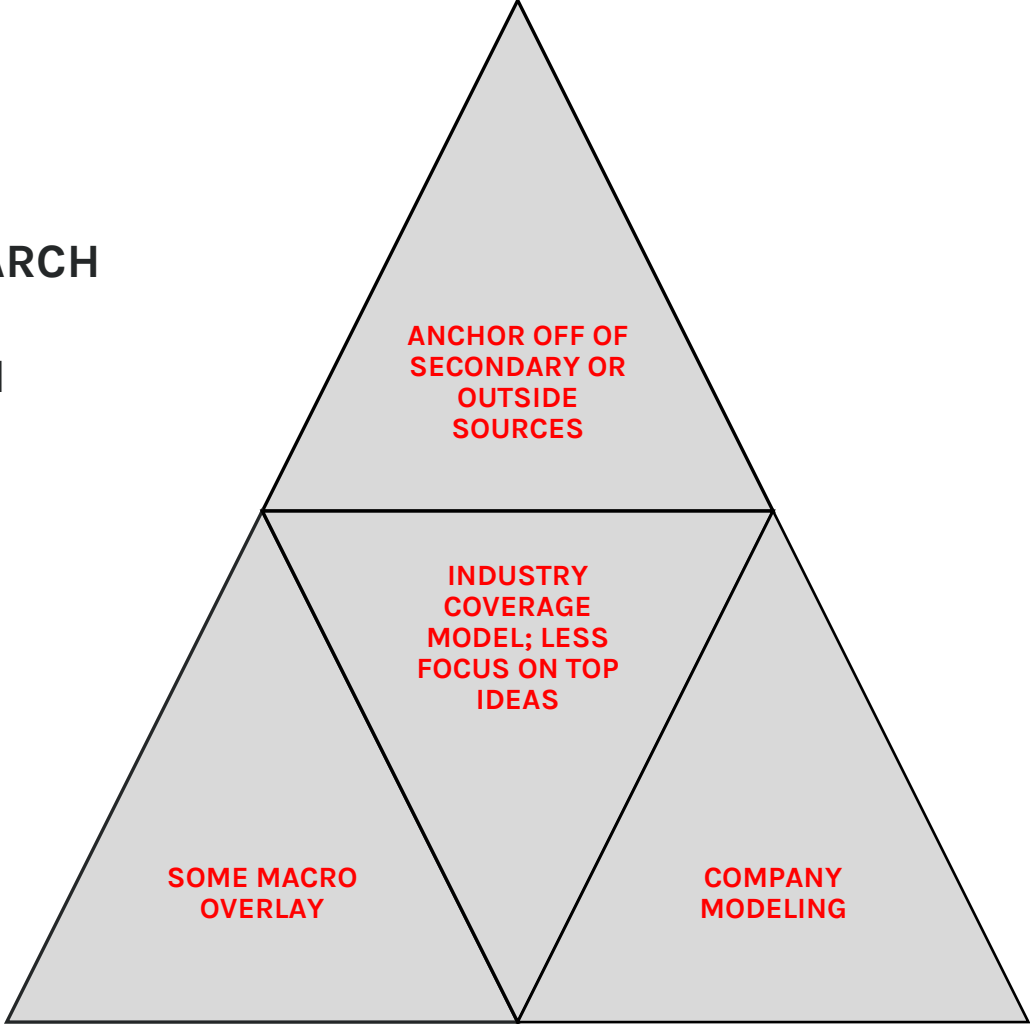
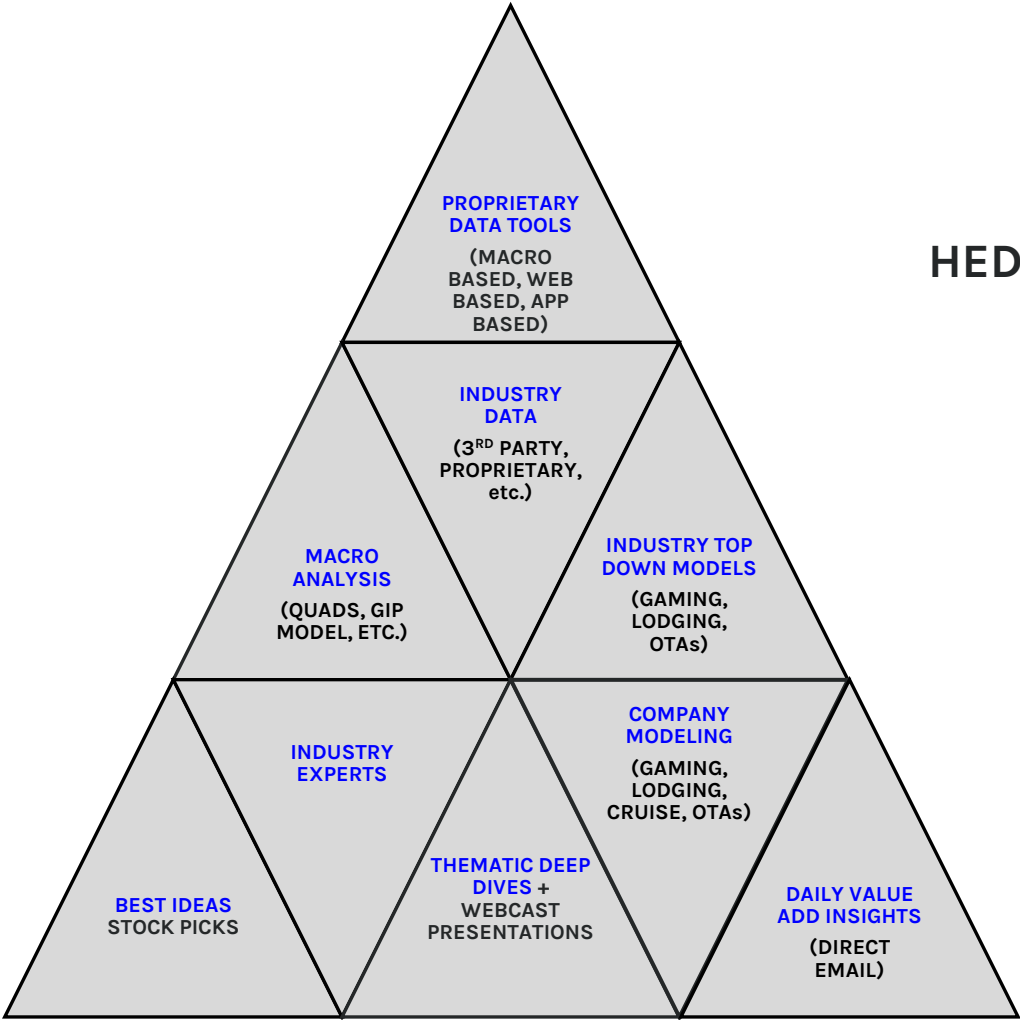
(2) Hedgeye's "bias" represents Hedgeye's outlook on companies currently under Hedgeye's review, or for which timing is not right for greater coverage. Hedgeye may or may not provide further commentary on any or all companies represented on the bias list and representation of a company on the bias list does not forecast whether Hedgeye will or will not issue any additional material on that company

This list is subject to frequent changes

HEDGEYE MULTI-PRONGED RESEARCH APPROACH

CONSENSUS RESEARCH APPROACH

HEDGEYE RESEARCH
PROCESS
US vs. THEM



HEDGEYE GAMING, LODGING, & LEISURE DATA & RESEARCH INFRASTRUCTURE

Supported by a team of engineers, data scientists, and of course, a cartoonist!

THIRD PARTY DATA

Macau Data – Consultant relationship with Macanese locals that gather table counts, utilization trends, intra month tracking data, and anecdotes

H2 Gaming Capital – Global casino gaming, sports betting, and iGaming resource with significant reach and breadth.

SimilarWeb – Traffic sourcing, total traffic, mix, etc.

Sensor Tower – Mobile app intelligence provider. Download and usage metrics for iOS and Android platforms world-wide

comScore – Media metrix multi-platform (desktop, mobile and video). Digital reach and usage measurement. Demographic insights. API integration

Euromonitor – Market research provider insight on both public and private components of an industry

STR + Lodging Econometrics – RevPAR, Demand, Supply, Pipeline tracking

ForwardKeys – Flight bookings tracker for insight on future travel demand growth

Phocuswright – Travel industry and research provider, focused on evolution of travel landscape

eMarketer – Media, advertising and consumer technology trends world-wide

Govt. & Other Data – UNWTO, WTTC, USTA, NTTO, BEA, BLS, Eurostat, Accuweather

HEDGEYE PROPRIETARY

Macau Mass Tracker – Utilize observed, company reported, macro, and other data to build a regression model, which back tests to company reported Mass revenues (R^2 of 0.94) ★

Macau Player Database – Observational property level data that base and premium mass trends ★

Regional Gaming Revenue Model – Rigorous statistical analysis + modeling which predicts SS gaming revenue growth. ★

Las Vegas Promo Tracker – Database of promotions across time by property and operator ★

BKNG + ABNB RN Trackers – Multi variable trackers/models using 3rd party data + Hedgeye process overlay. Both have high R^2 to reported figures. ★

Airbnb Database – Worldwide listings data. Tracked weekly, monthly, quarterly. By city, region, country ★

Hotel supply + demand models – Room rate surveys, forward looking **macro models**. For U.S. only but developing Intl. models. Pipeline forecasting + supply growth forecasting for branded and non-branded hotels ★

Cruise Pricing Tracker – Weekly scan of 28,000+ itineraries (back tested for 5 years). Database covers ALL regions of the world. ★

Consumer Travel Surveys – Frequent surveys of US consumers that gauges travel booking intent and other interests.

FUNDAMENTAL

Company Models – Monitor key drivers and metrics. Run quarterly and annual projections, valuations, etc.

Industry Models – Aggregate company and industry data to track and forecast penetration curves + industry trends

Valuation/Sentiment – Track holder base trends, Macro sentiment (Quads), Short interest, sell side ranking

Anecdotes – Interviews with industry professionals and published insights

Client Feedback Loop – Range of clients offers valuable feedback for different durations



Denotes that tool(s) is core to process with proven track record.

GLL | STOCK PERFORMANCE TRACKING

GLL & MARKET INDICES	1-WK %, ▲	1-MTH %, ▲	3-MTH %, ▲	6-MTH %, ▲	YTD %, ▲	1-YR %, ▲	SINCE PRE- COVID %, ▲
Major Market Casino Hotels	1%	-11%	-6%	19%	22%	145%	34%
Macau Casino Hotels	-3%	-16%	-21%	-10%	-18%	12%	-33%
Regional Gaming	4%	-8%	-11%	2%	13%	140%	90%
Sports Betting / iGaming	4%	-12%	-21%	-30%	-27%	6%	139%
Hotel Brand Companies (C-Corps)	3%	-3%	-3%	14%	10%	51%	3%
Full Service Hotel REITs	0%	-10%	-8%	7%	10%	88%	-18%
Online Travel (OTAs / Meta)	3%	-7%	-17%	3%	10%	66%	25%
Cruise Lines	7%	-17%	-15%	6%	1%	58%	-52%
Gaming, Lodging, Leisure Avg.	2%	-9%	-12%	4%	6%	74%	18%
S&P 500	2%	4%	6%	15%	17%	36%	37%
RUSSEL 1000	1%	-9%	-13%	3%	5%	70%	12%
CONSUMER SECTOR (EQ. WEIGHT)	1%	-10%	-12%	5%	6%	78%	11%

GLL SUBINDICES CONSTITUENTS

- Major Market Casinos – MGM, CZR
- Macau Casino Hotels – LVS, WYNN, MLCO
- Regional Gaming – PENN, BYD, RRR, CHDN, BALY
- Sports Betting / iGaming – DKNG, FLTR-GB, RSI, GNOG
- Hotel Brands (C-Corps) – MAR, HLT, WH, CHH, H
- Full-Service Hotel REITs – HST, PK, RHP, DRH, XHR, SHO
- Online Travel (OTAs / Meta) – BKNG, ABNB, EXPE, TRIP
- Cruise Lines – CCL, RCL, NCLH

Note, we define our “Since Pre-Covid” stock performance measure as current stock price vs closing price on 12/31/19.

Data reflects unadjusted closing prices for the week ended 7/23/21.

➤ GAMING → NEAR TERM FAVORS DOMESTIC (REGIONALS); LONG TERM LOOKS GOOD FOR MOST AREAS (REGIONALS, VEGAS, MACAU)

- ✓ **Near Term:** The bear thesis on domestic (regional) gaming, predicated on a challenging demographic backdrop and supply / demand imbalances, made sense for years, but Covid truly broke that mold and then some. Regional gaming companies are experiencing a new dawn of top line growth, and Covid allowed for a restructuring of the cost basis, creating an environment for record EBITDA production. The market clearly doubts the sustainability of growth and margins, but we do not. Regional gaming stocks like PENN, BYD, and RRR are among the most compelling in our entire coverage universe.
- ✓ **Long Term:** Global gaming looks well positioned for the coming years, with Asian centric operators likely to underperform over the near term. Growth prospects look good domestically via sustainably higher top line growth and omni-channel offerings (online + on premise) creating a nice environment for profitability in the regional markets, while the Las Vegas Strip should once again retain its dominance as the top convention and leisure destination of the US. Macau's long-term potential of Mainland China penetration, longer length of stay/play, and structurally higher macro growth will again resurface, but the near term is too uncertain.

➤ LODGING → MOST HOTELS = COVID LOSERS; DISPERSION AMONG PERFORMANCE

- ✓ **Near Term:** Industry momentum should continue through the summer led by the leisure customer and non-urban destinations; however, data and seasonality suggests that the fall and winter months could be more challenging as the mix shifts toward traditional corporate demand drivers. In a post-Covid world, corporate transient travel may never recover to 2019 levels.
- ✓ **Long Term:** Demand and RevPAR will recover back to pre-Covid levels, and possibly quicker than the last cycle, but the mix will likely skew more towards leisure guests which is a challenge for hotel owners that have cultivated sticky business with high margin corporate customers. Asset type and geographic mix will matter in a big way going forward and should impact recovery trajectories. We prefer lower end hotels (WH, CHH) or specialty situations like RHP.

➤ LODGING → OTAs = COVID WINNERS; SECULAR STORIES + CYCLICAL BENEFITS, TOO

- ✓ **Near Term:** OTAs = nearly 100% leisure, and leisure is the name of the game right now. Given the shift among hotels, the OTAs are in a prime position to gain share through Covid and their exposure to alternative accommodation (AA), creates an event better near term set up. Slower recovery in Asia is the one challenge facing the OTAs, but that's a greater risk for hotel brands and gaming companies.
- ✓ **Long Term:** Secular growth potential is even greater post-Covid given the rapid adoption of AA and the need OTAs will be serving for hotels (leisure heads in beds). Asset light, high margin, high cash conversion business trading below market multiples and well below C-Corp peers. EXPE, BKNG, ABNB all well positioned long term in their own respective niches.

➤ LEISURE (CRUISE) → DIVERGING PATHS, BUT OUTLOOK IS MURKY

- ✓ **Near Term:** CDC and regional governments will dictate much of the recovery. Cruising is among the most covid-challenged areas of travel, but demand for the product from loyal guests remains high. The problems for cruisers could be more on '22 and '23, when the need for "new to cruise" guests to fill cabins potentially impacts pricing.
- ✓ **Long Term:** Long-term implication of Covid are tough to handicap but are probably not great. Generally, view cruise lines as trading vehicles – high capital intensity and low returns on capital make them highly sensitive to macro and sentiment.

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