Outlook 2024:
Everything in Moderation Including Fixed Income Leisure Credits?

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Senior Credit Analyst
Leisure, Lodging, Gaming, Restaurants, & Rental Cars
Bloomberg Intelligence

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Recap

Quick Bio

- Bloomberg Intelligence ("BI") since Aug 2020
- Leisure, lodging, gaming, restaurants & rental cars
- Prior work
  - Corporate credit analyst – "generalist"
  - Taxable fixed income macro strategist
  - Portfolio strategist
- @JodyLurie
- https://www.linkedin.com/in/jodylurie/

Prior Presentations to PCBE

- Mar 2015: "Exogenous Factors Shaking Outlooks for Firm Fundamentals"
- Nov 2017: "A Credit Perspective: How the Next Downturn Will Be Different"
- March 2022: "Revenge Travel and the Fixed Income Markets: Outlook 2022"

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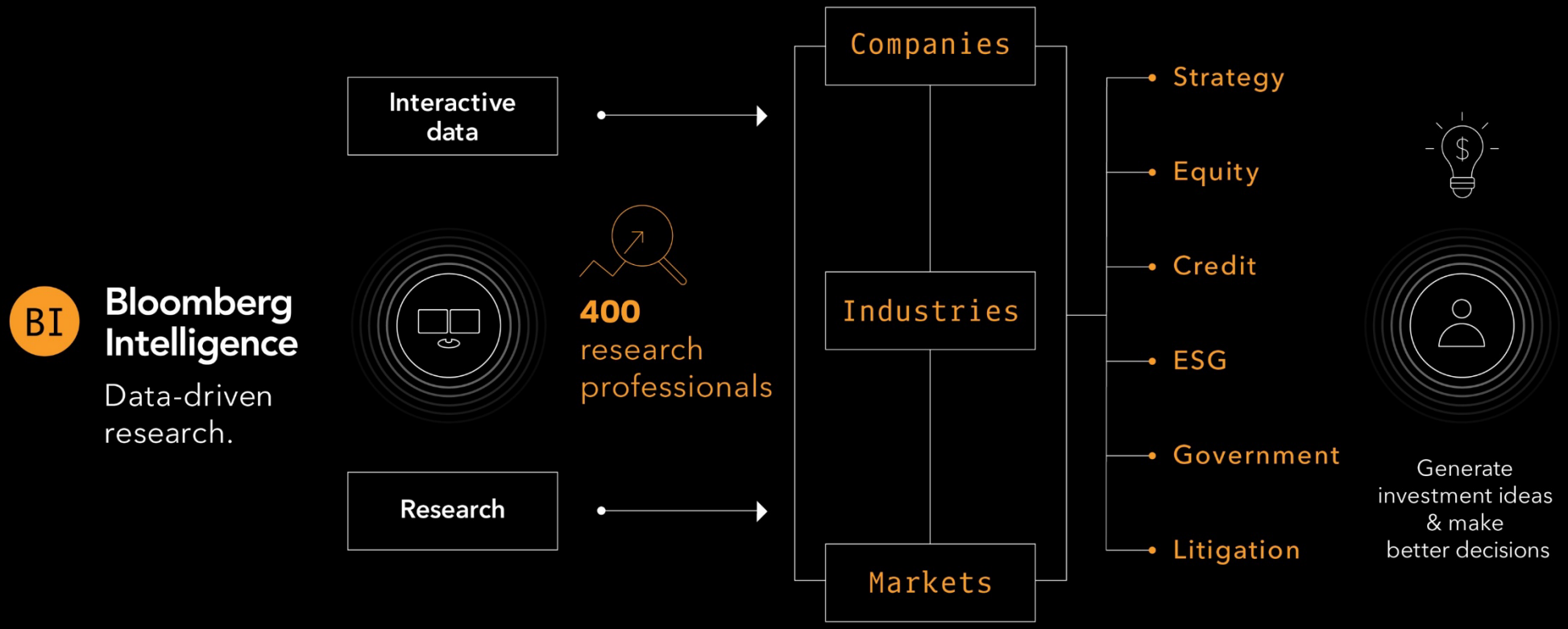
500+ data contributors

135+ industries

2,000+ companies

15yrs avg. analyst experience

Bloomberg Intelligence (BI) research delivers an independent perspective providing interactive data and investment research on companies, industries and global markets. Our team of 400 research professionals help our clients make informed decisions in the rapidly moving investment landscape.



Credits Under Coverage

Source: Bloomberg Intelligence, company websites

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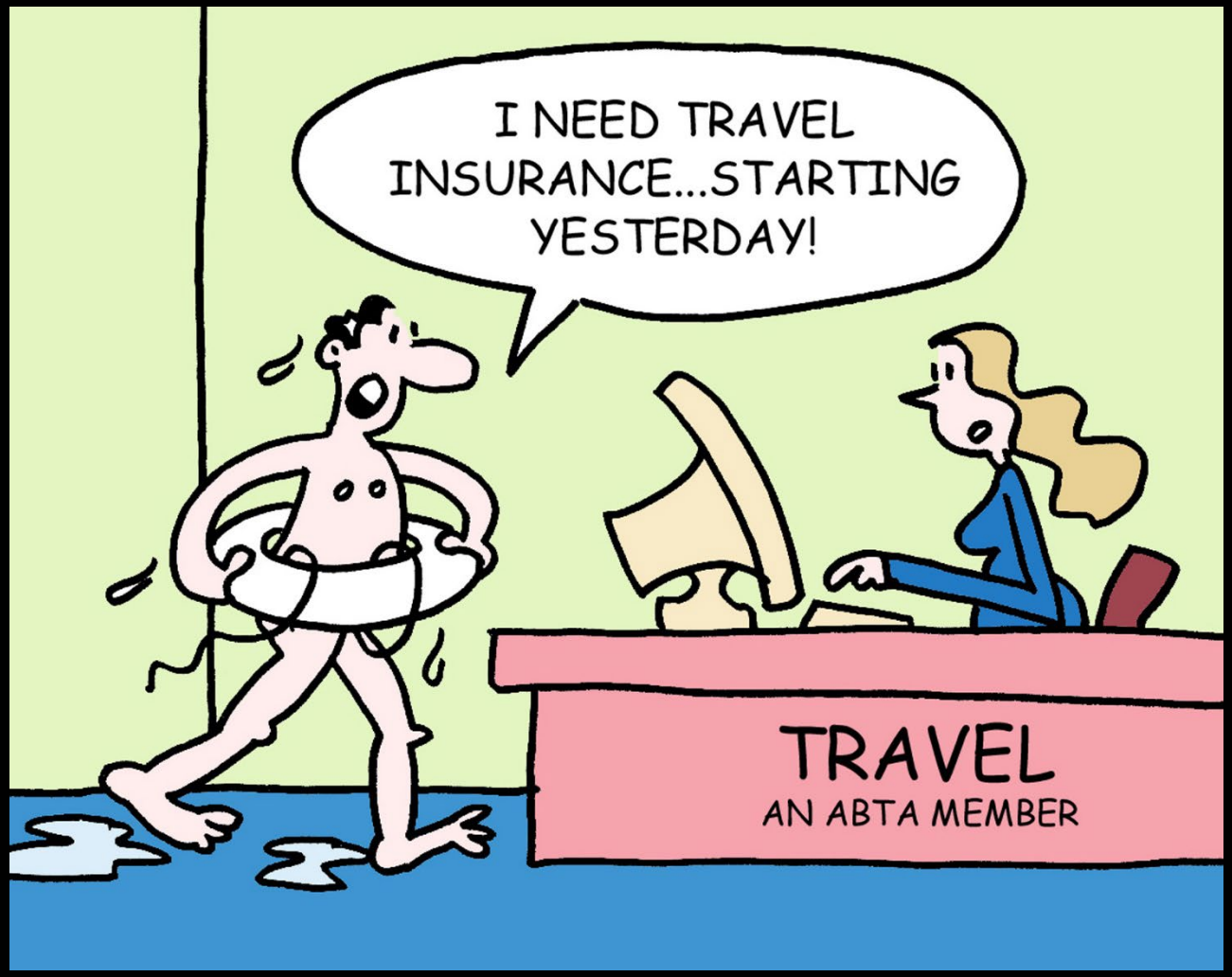
Backdrop for Today



Source: Bloomberg Intelligence; https://www.flantoons.co.uk/main/flantoons02/travel.html

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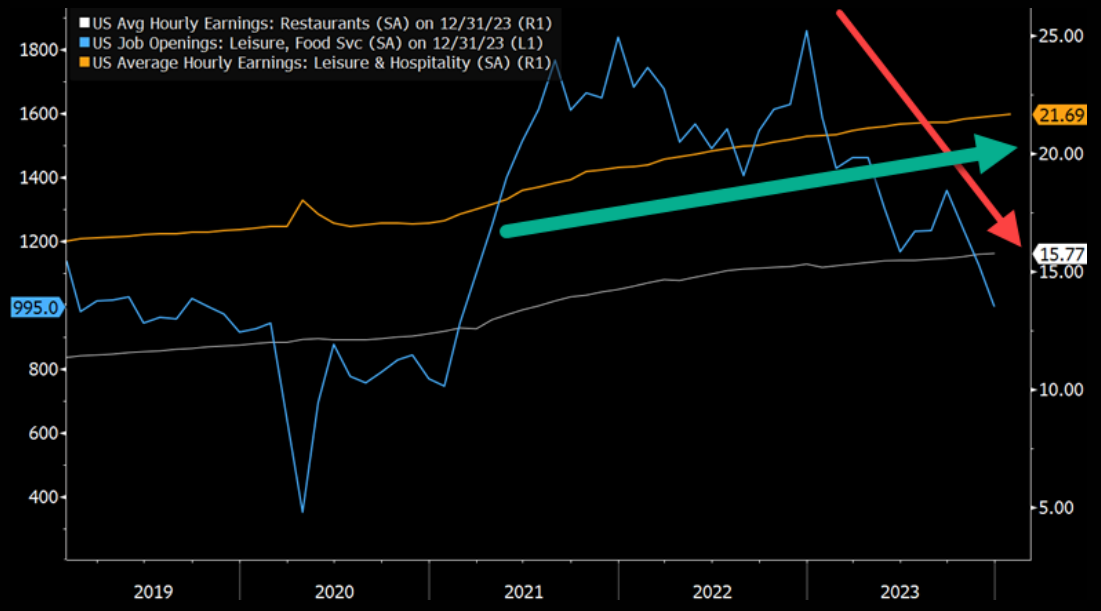
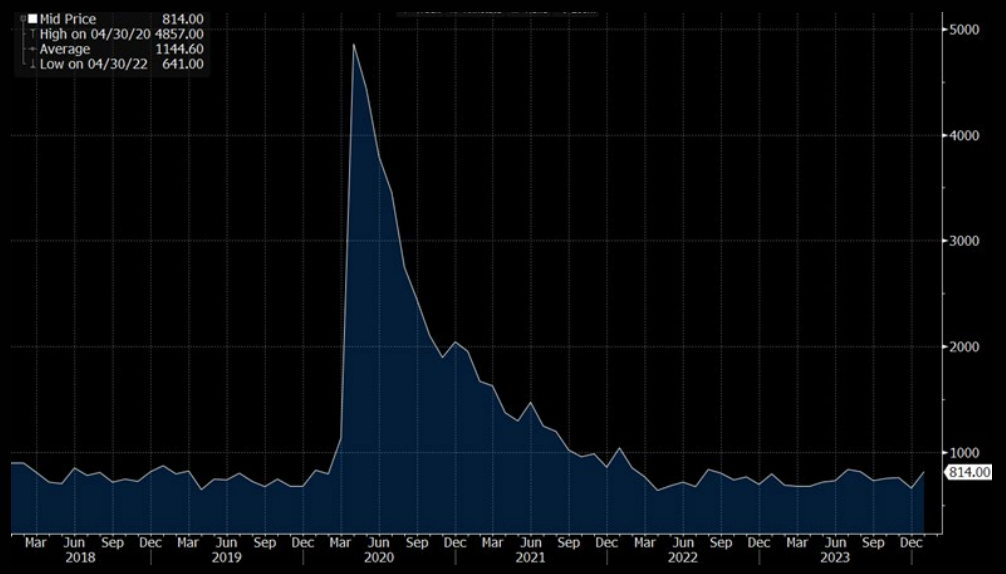
Labor Shortages and Wage Inflation

Leisure Hourly Earnings vs. Job Openings



Leisure & Hospitality Unemployment



Source: Bloomberg Intelligence; Access left chart G #BI 111215 on the Terminal: https://bloom.bg/3BrloUw
Access right chart UEMPLEIS Index GP on the Terminal: https://bloom.bg/3bWHTq7

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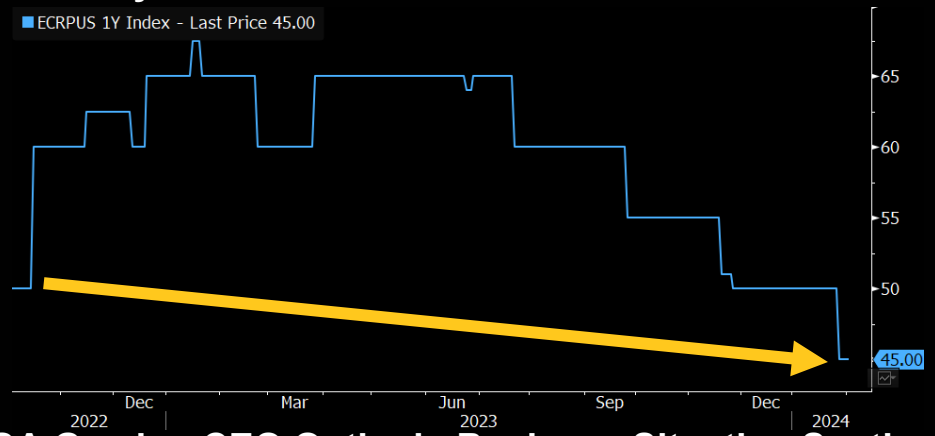
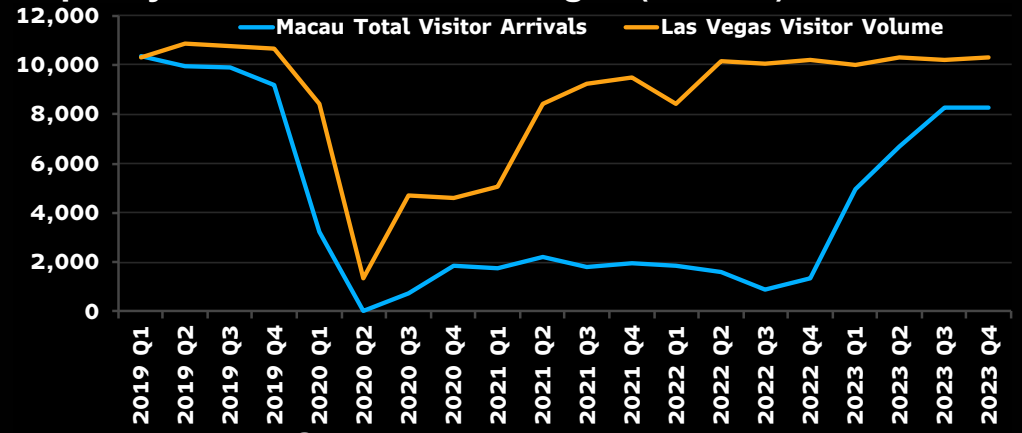
Headwinds Pushing Against 2024 Tailwinds

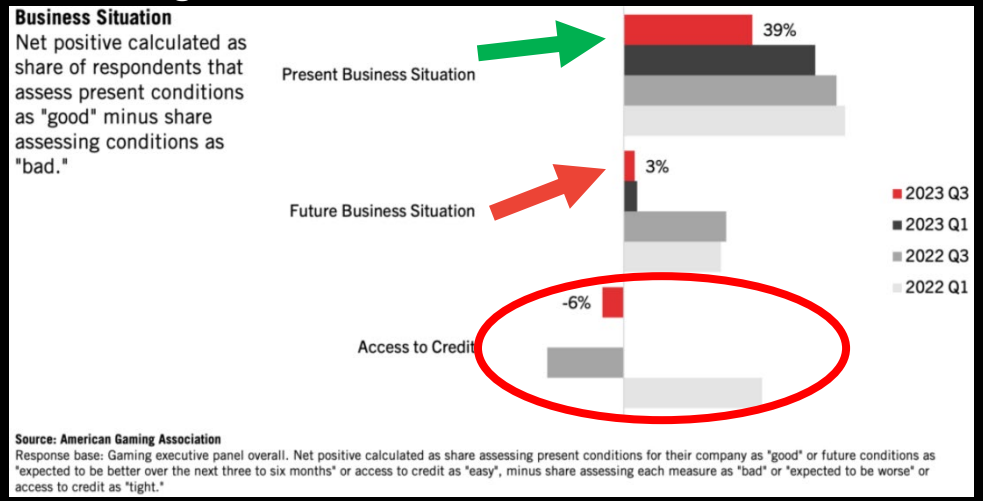
Probability of US Recession: ECFC<GO>



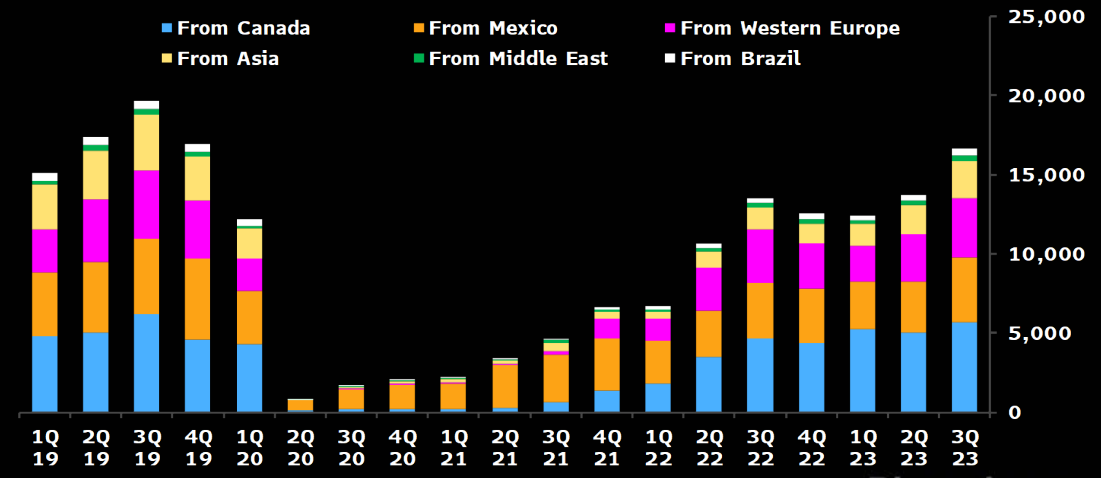
Occupancy Levels: Macau and Vegas (in 000s)



AGA Gaming CEO Outlook: Business Situation Sentiment



Tourists into the US (in 000s)



Source: Bloomberg Intelligence; Access chart locations -- upper left: {G #BI 123048<GO>} https://blinks.bloomberg.com/screens/g%20%23bi%20123048, upper right: {G #BI 121225<GO>} https://blinks.bloomberg.com/screens/g%20%23bi%20121225, bottom left: https://www.americangaming.org/resources/aga-gaming-ceo-outlook/; bottom right: {G #BI 121226} https://blinks.bloomberg.com/screens/g%20%23bi%20121226%20

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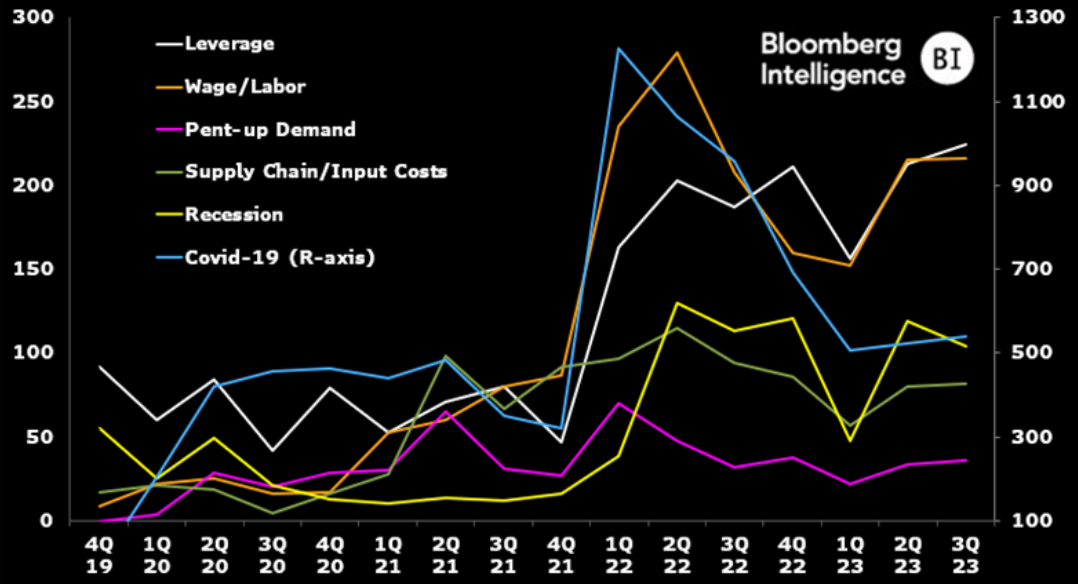
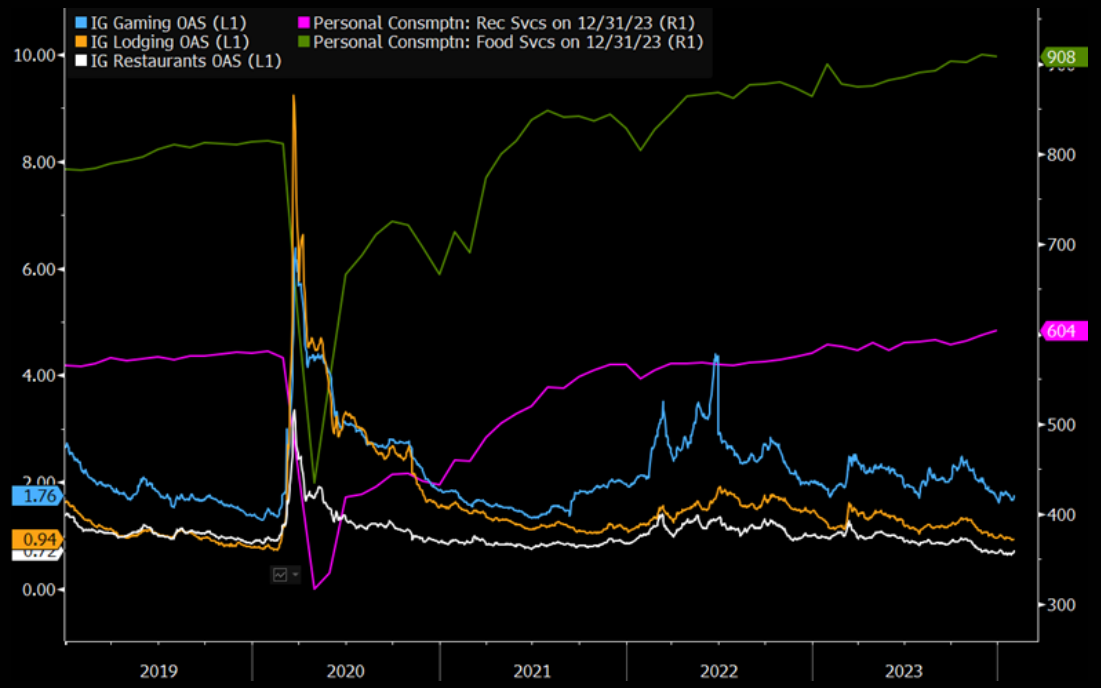
Economic Backdrop: Company Thinking and the Consumer

Topics of Focus By Management Teams



Consumer Spending vs. High Grade Credit Spreads



Source: Bloomberg Intelligence; Bloomberg document search (DS<GO) and transcript analyzer (TA<GO>) through 3Q23 in earnings call, conference/presentation, shareholder meeting, M&A call for related words to each category; tickers CAR, CCL, CHH, CZR, DRI, FUN, H, HLT, HTZ, LVS, MAR, MCD, MGM, NCLH, RCL, SBUX, SEAS, SIX, STAY, TNL, WYNN, YUM
Access right chart G #BI 109050 on the Terminal: https://bloom.bg/3H8PnVy

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Bloomberg Intelligence First US Travel Survey: Results for 2024 Outlook

Source: Bloomberg Intelligence; https://www.cartoonstock.com/directory/w/world_travel.asp

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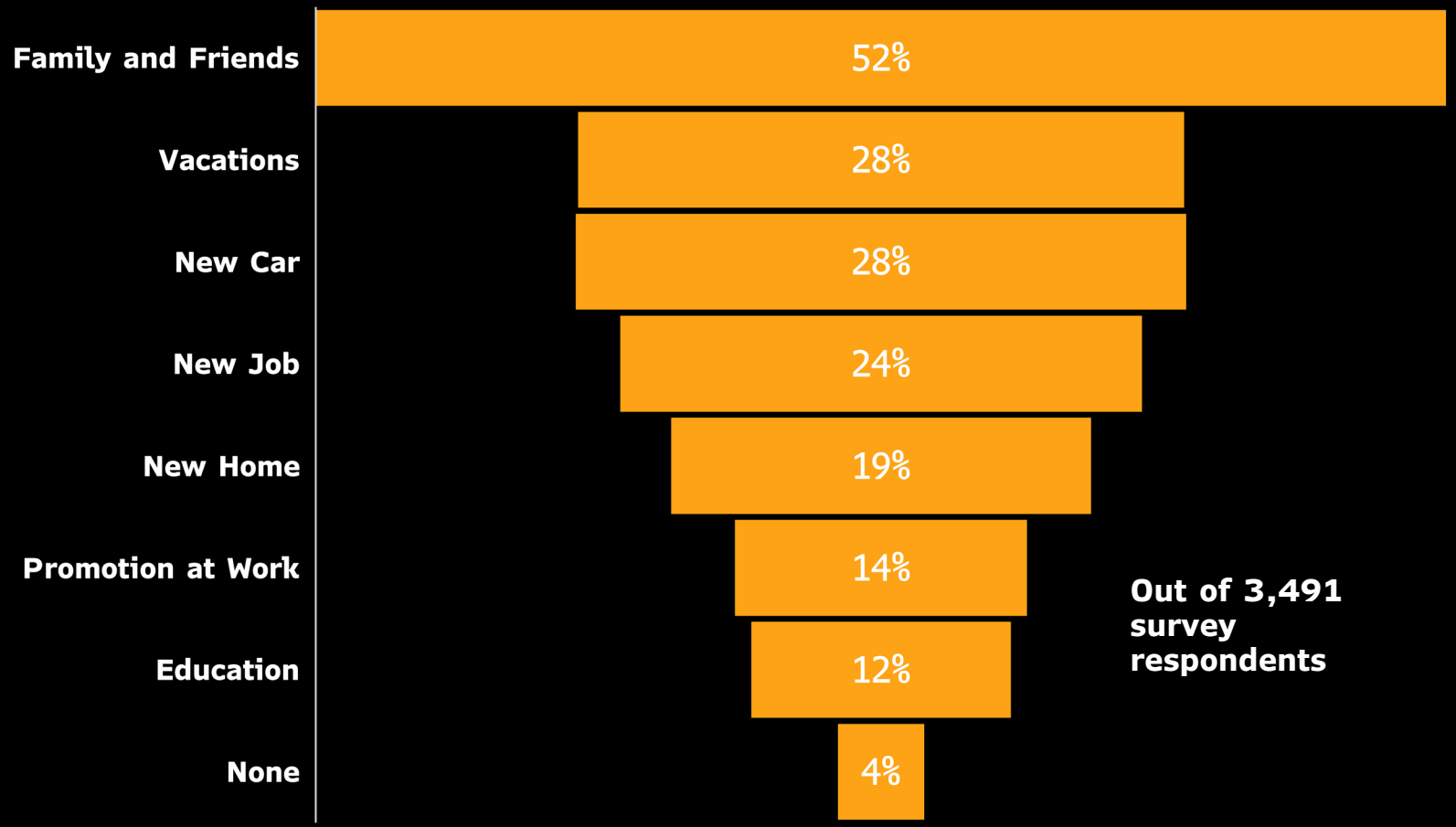
US Travel Survey - 2024

Survey conducted Dec. 20-24, 2023
Sample Size: 3,514 (of which 977 were people who prioritize vacations in 2024, 23 were deemed erroneous)

Breakdown for 977
Age: 18-24 (15%), 25-34 (17%), 35-44 (16%), 45-54 (15%), 55-64 (16%), 65+ (21%)
Gender: male (49%), female (51%)
Geography: Northeast (18%), Midwest (21%), South (37%), West (23%)

28% of Respondents Prioritizing Vacations: BI Survey

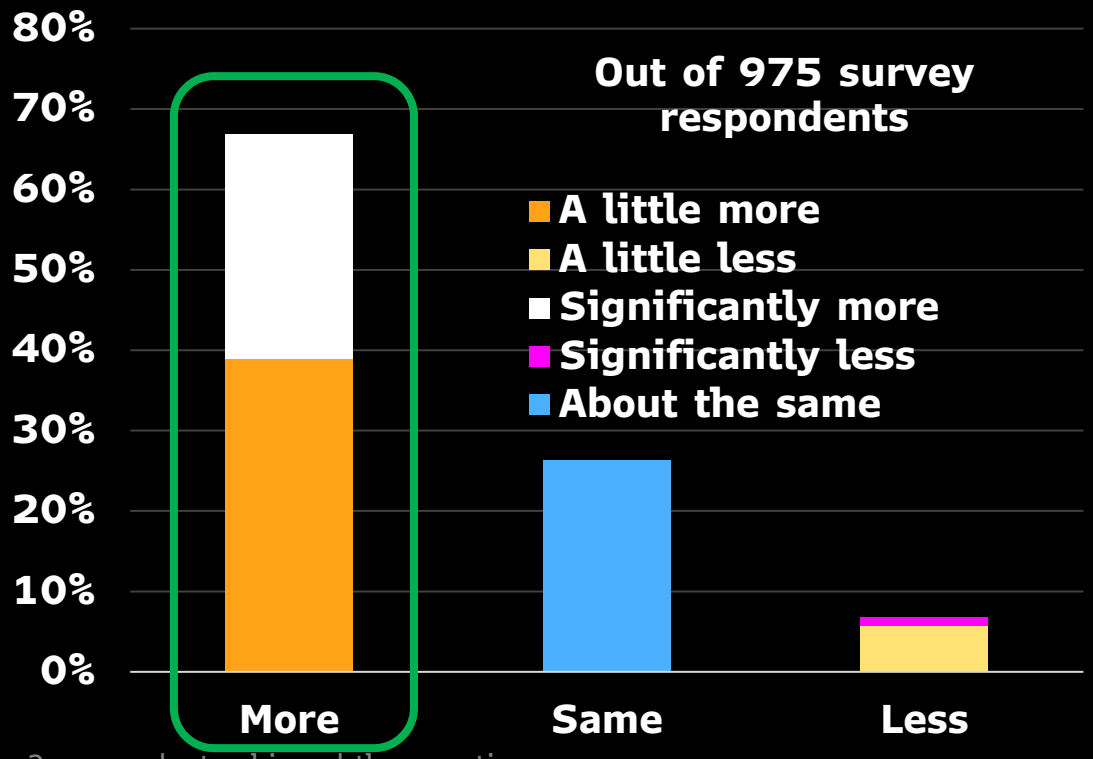


Source: Bloomberg Intelligence, Attest; Survey respondents had the option to pick more than one response

Bloomberg Intelligence BI

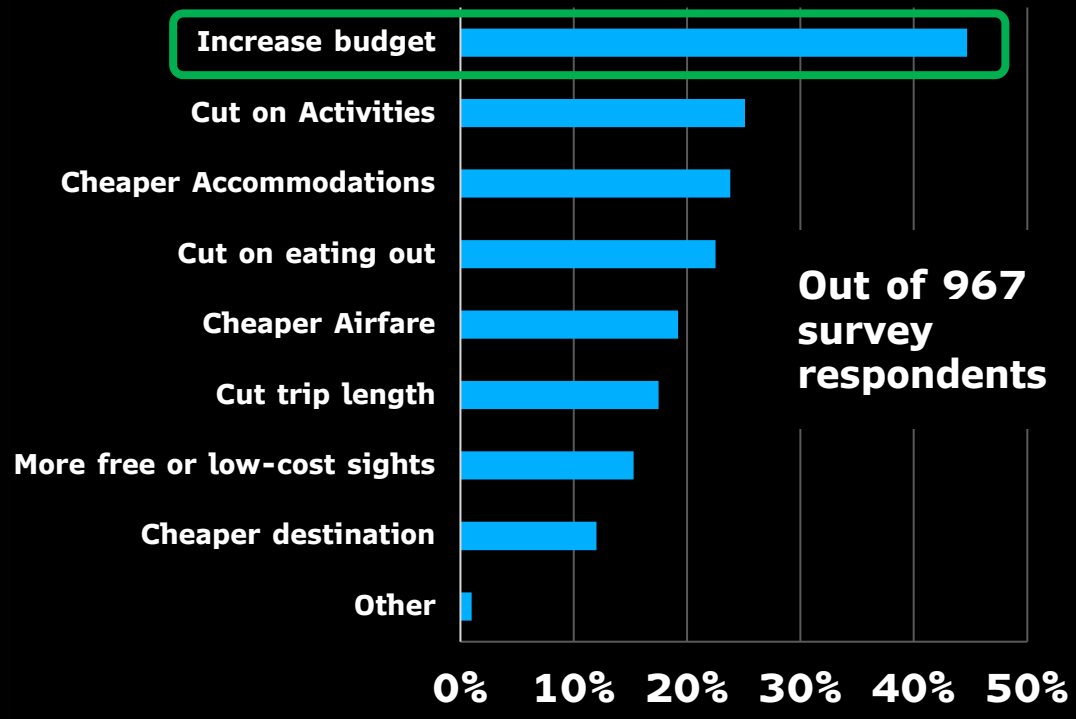
67% of Vacationers Are Prepared to Spend in 2024: BI Survey

2024 Vacation Spending vs. 2023



2 respondents skipped the question

If Main Vacation Cost Exceeds Budget…



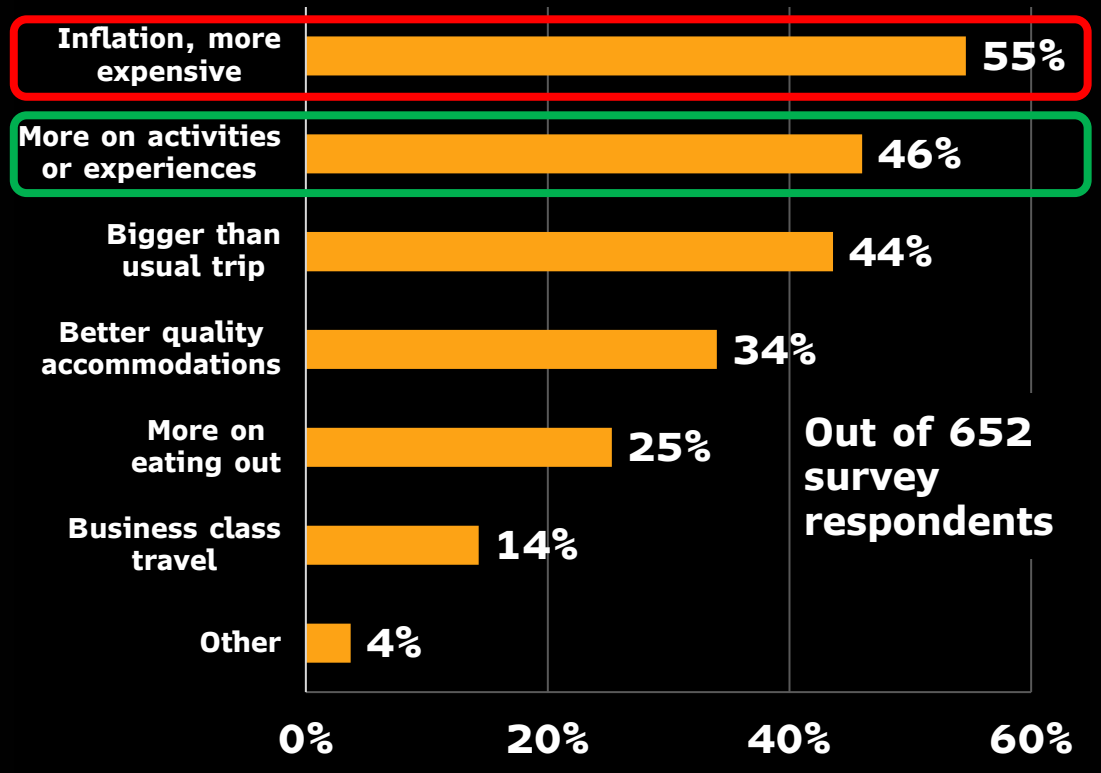
10 respondents skipped the question

Source: Bloomberg Intelligence, Attest

Bloomberg Intelligence BI

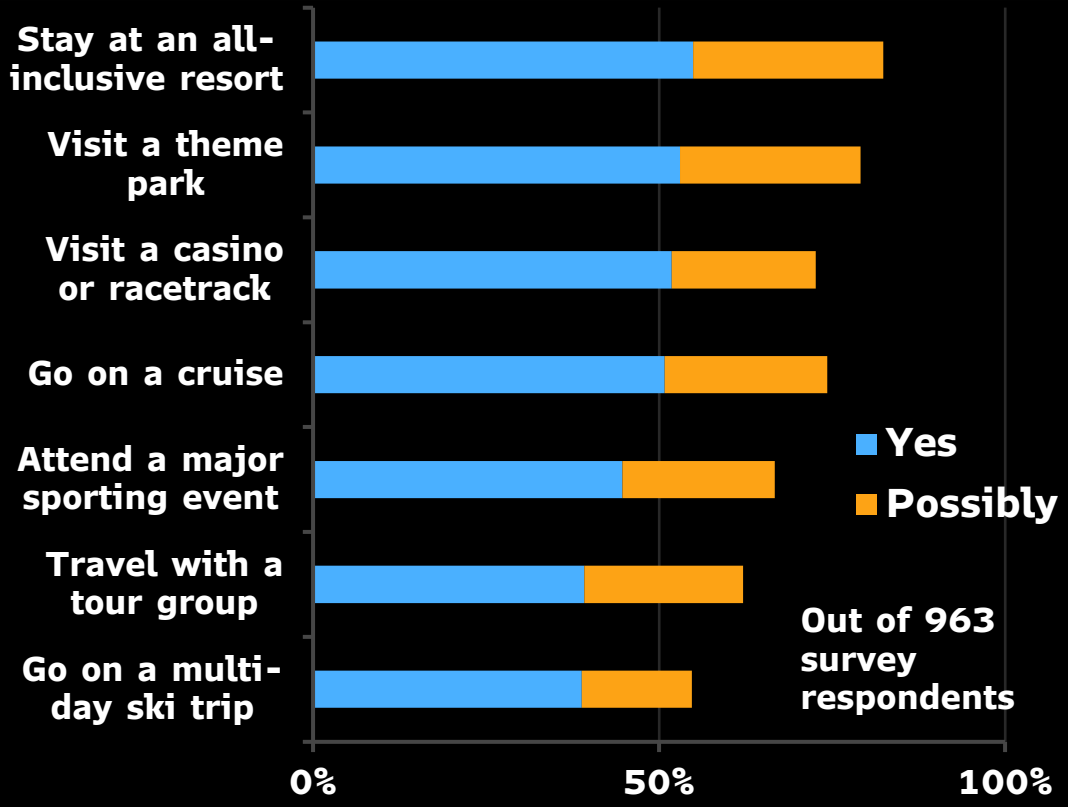
Why 67% of Respondents Are Spending More This Year on Vacationers and Where They Plan to Go: BI Survey

Main Reason Respondents Spend More in 2024 vs 2023



0 respondents skipped the question

Options for Three-Plus-Day Vacations



14 respondents skipped the question

Source: Bloomberg Intelligence, Attest

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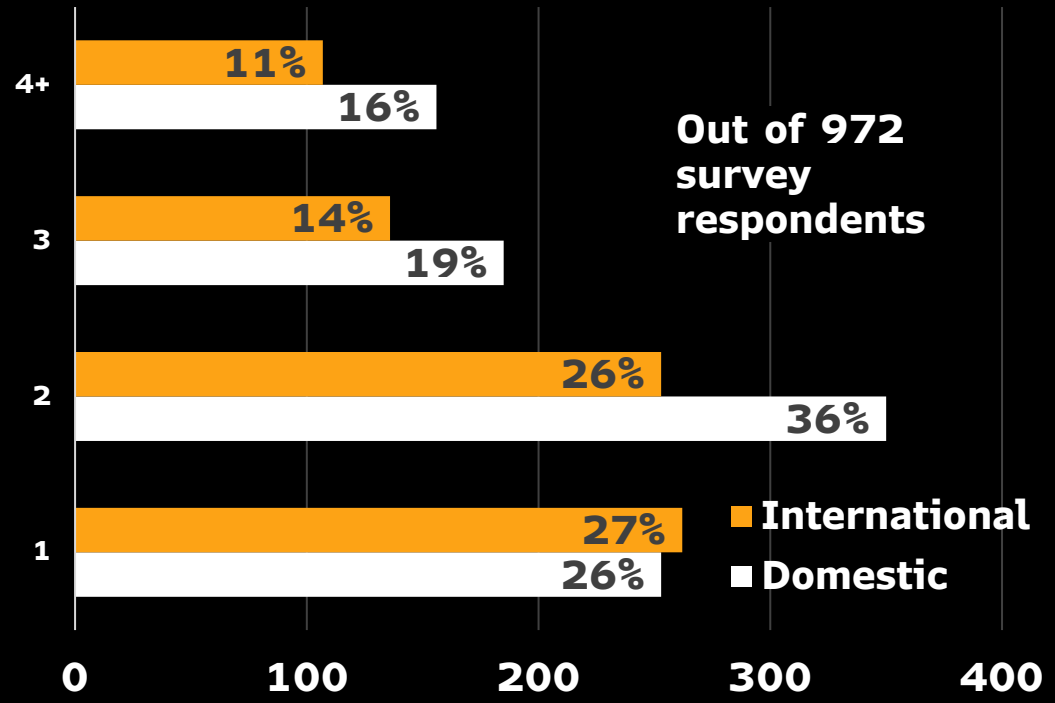
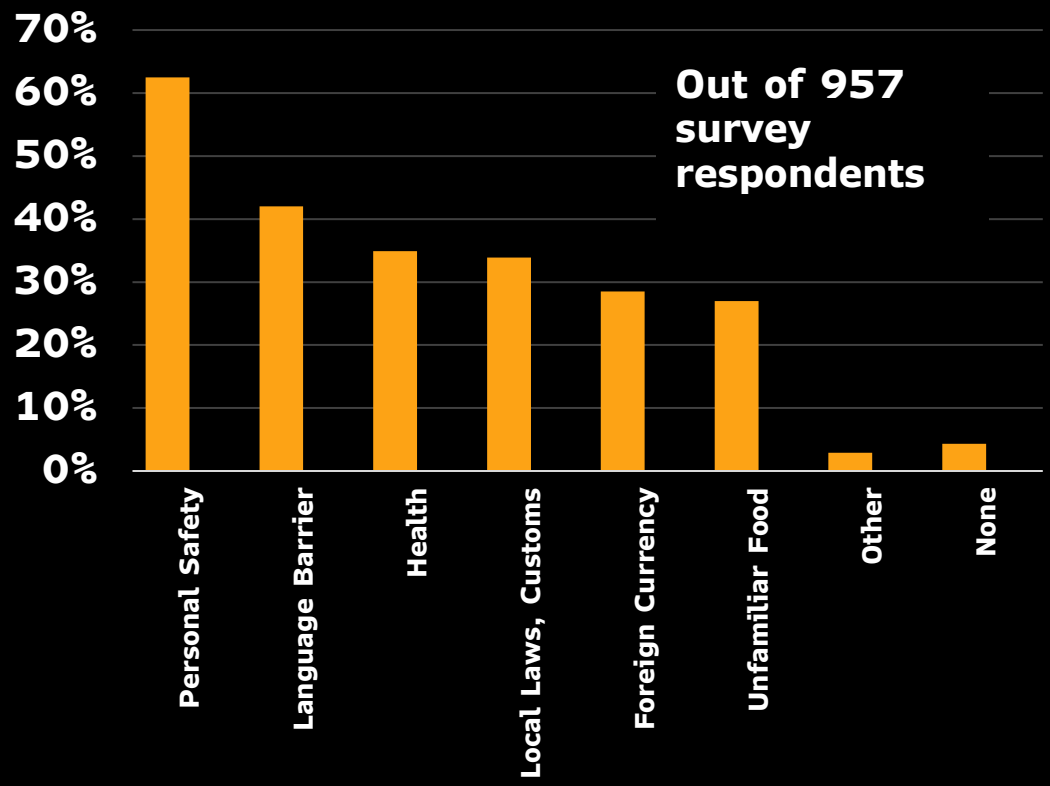
Vacations of Three or More Days, Concerns: BI Survey

How Many 3+ Day Vacations Planned for 2024



5 respondents skipped the question; Percentages shown are out of total survey respondents and equal to 100% when including those who chose "none" for each category

Concerns About Overseas Travel



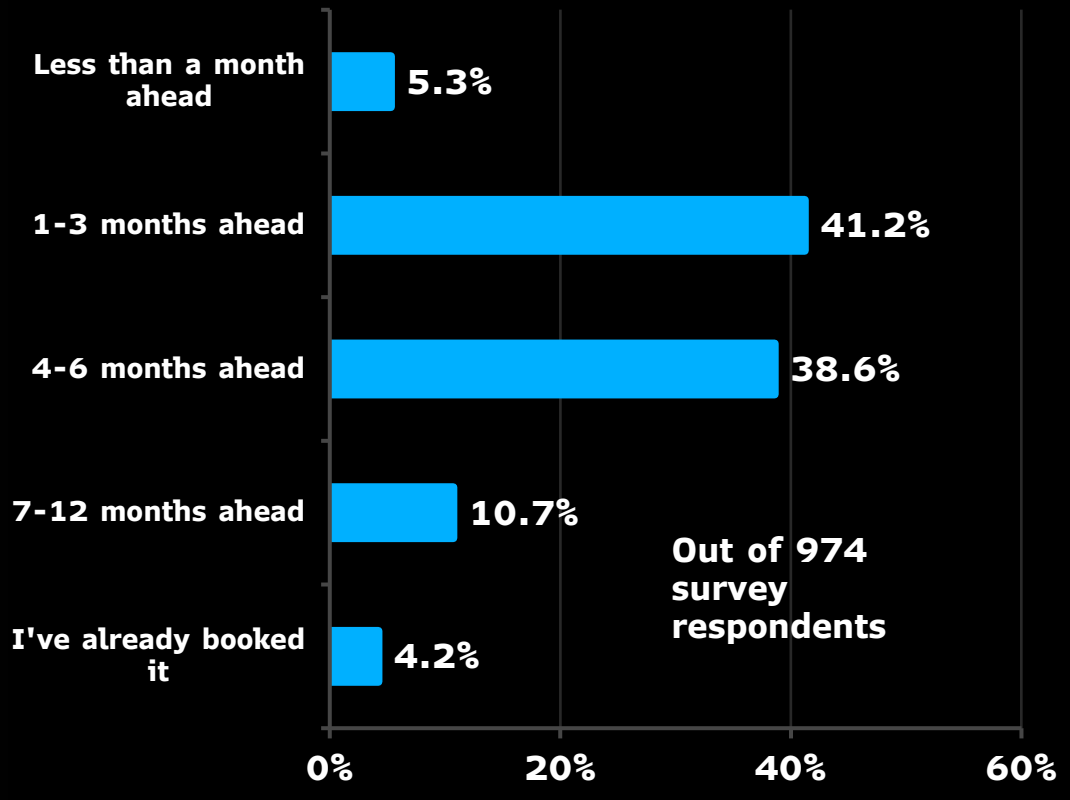
20 respondents skipped the question

Source: Bloomberg Intelligence, Attest

Bloomberg Intelligence BI

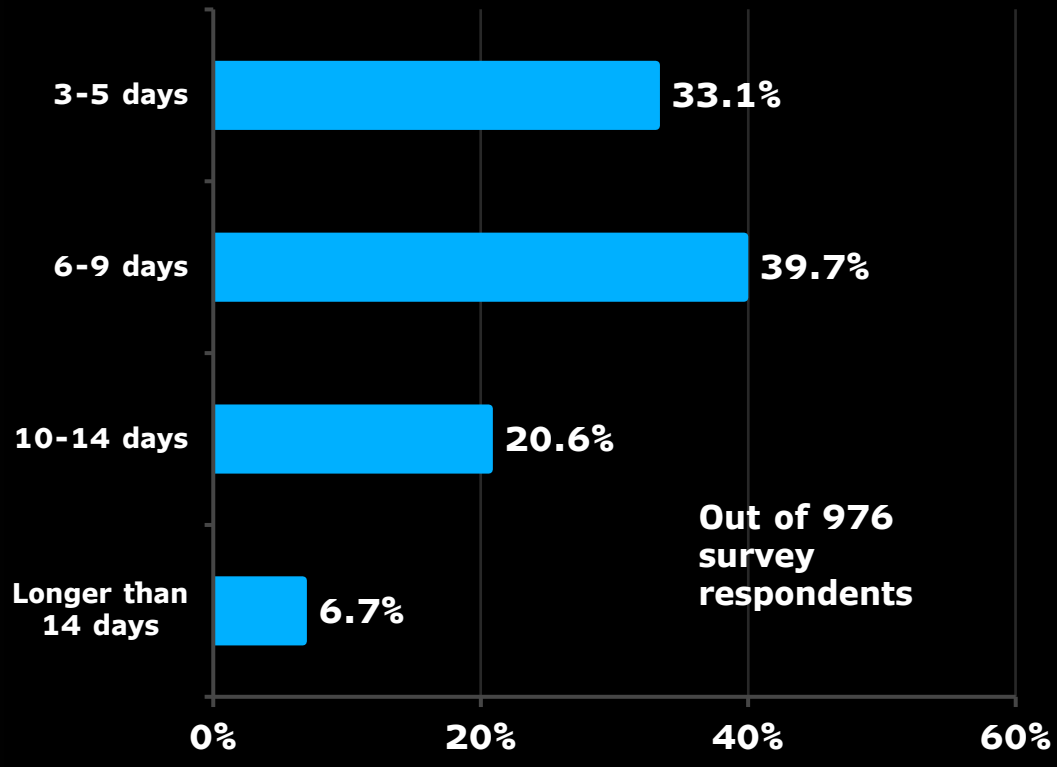
Main Vacation Lead Time, Length of Vacation: BI Survey

How Far in Advance Booking Main 2024 Vacation



3 respondents skipped the question

Length of Main 2024 Vacation



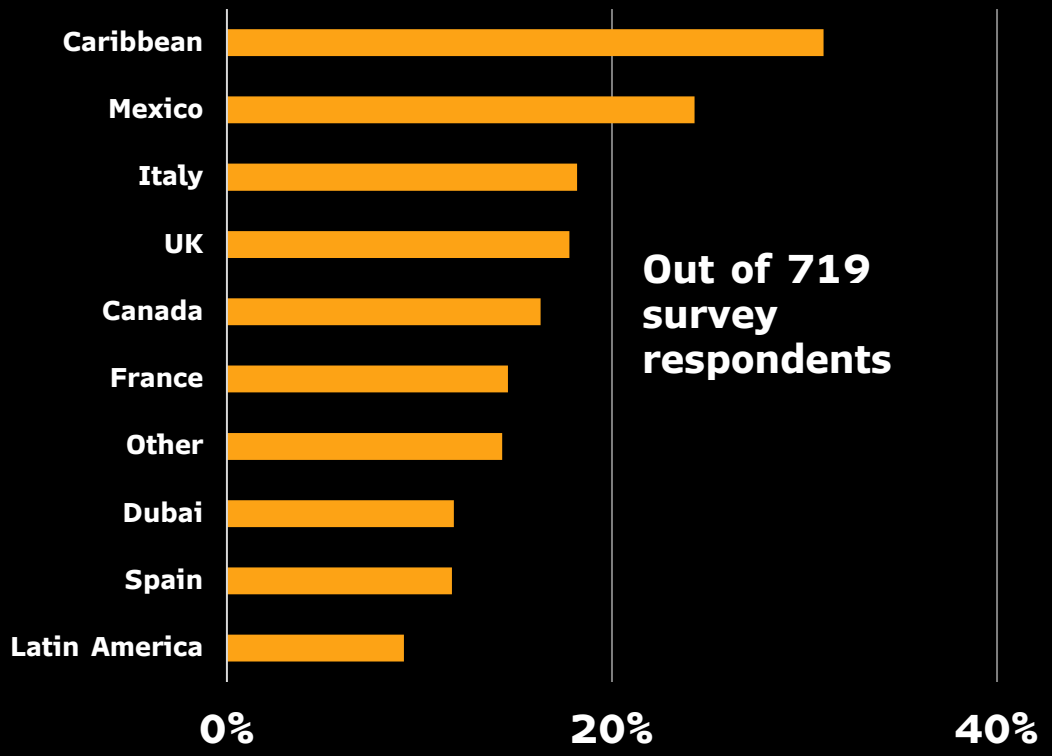
1 respondent skipped the question

Source: Bloomberg Intelligence, Attest

Bloomberg Intelligence BI

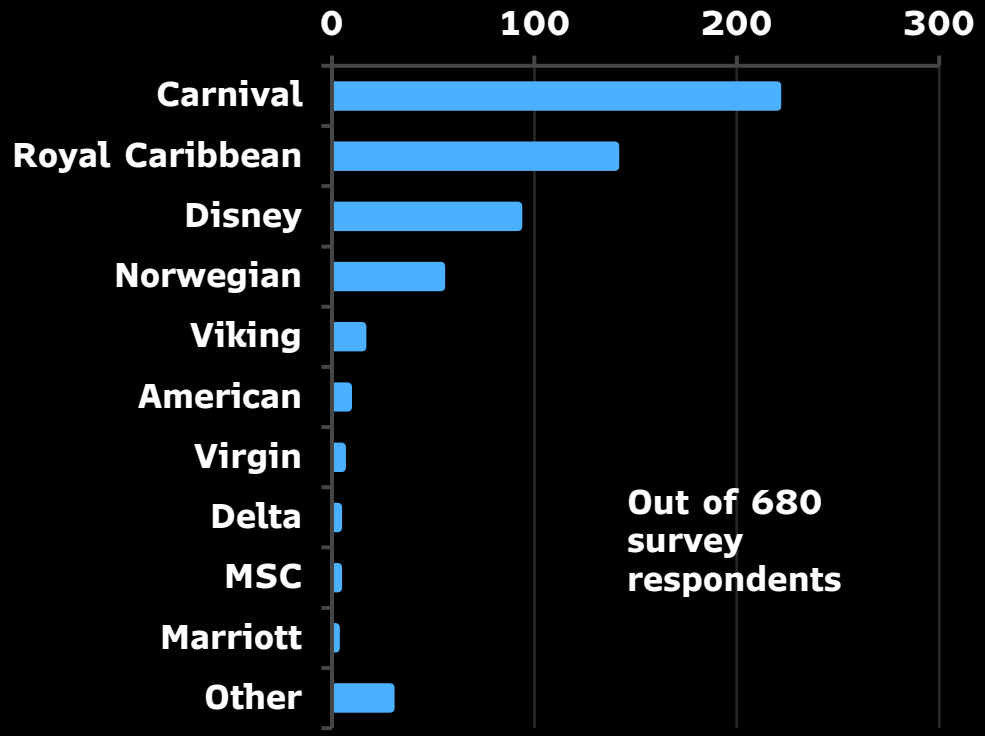
Caribbean Is Main International Vacation Destination, Cruise Lines and All-inclusive Resorts May Benefit: BI Survey

Where Respondents Are Traveling Overseas



Percentages shown are out of survey respondents who said they are traveling overseas in 2024; 42 respondents skipped the question

Cruise Favorites, Ranked, in BI's Survey



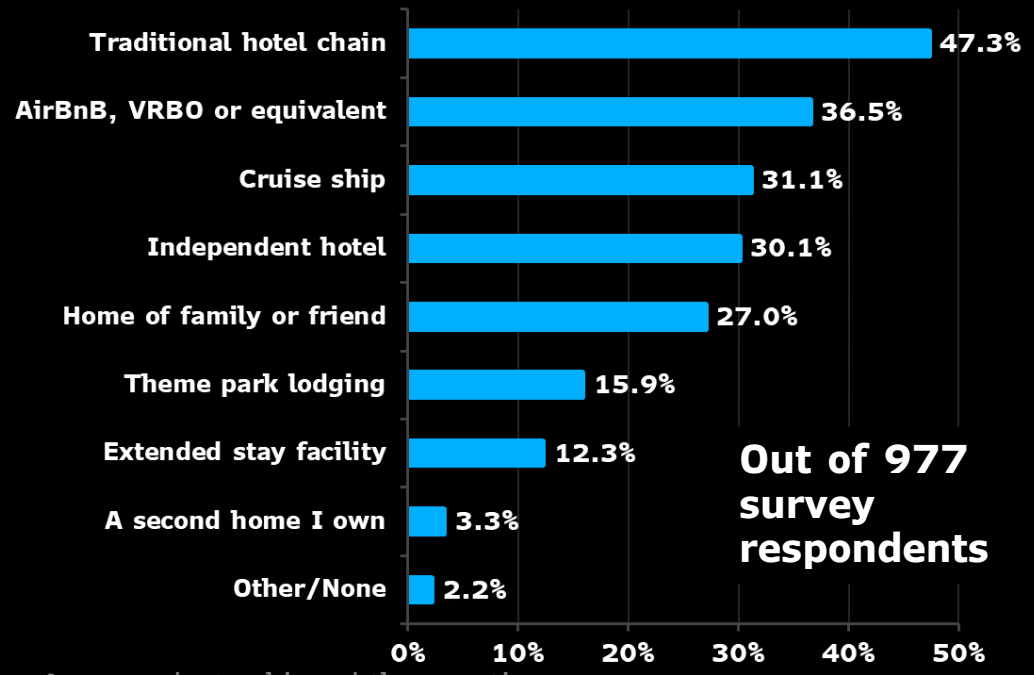
5 respondents put more than one name, in which case we counted each as a separate response; Aggregated by parent

Source: Bloomberg Intelligence, Attest

Bloomberg Intelligence BI

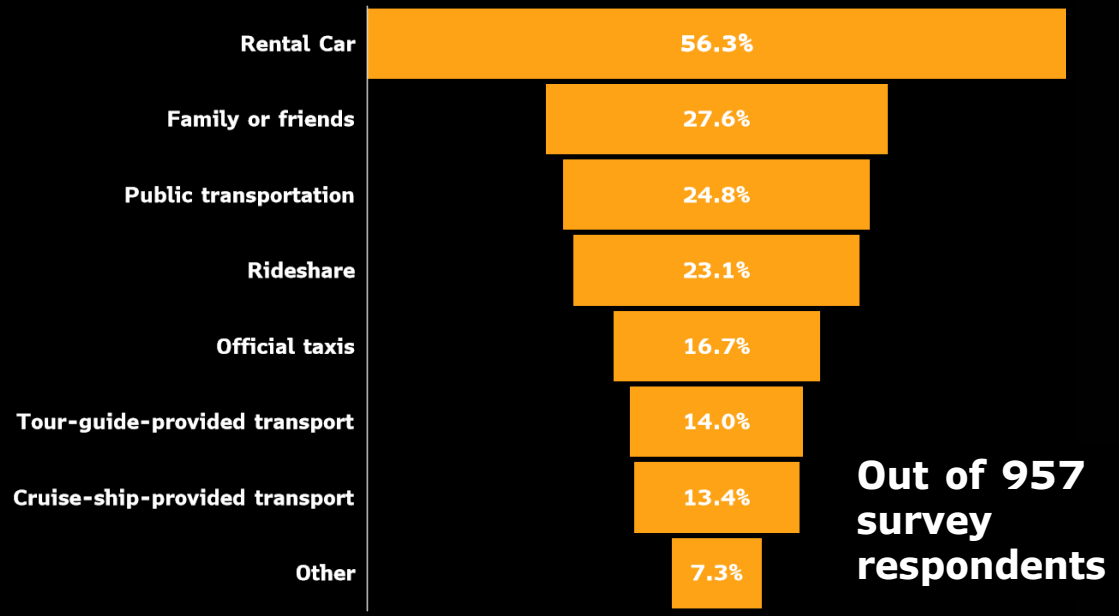
Respondents Favor Traditional Hotels and Rental Cars When on Vacation: BI Survey

Types of Accommodations for Vacationers



0 respondents skipped the question

Typical Transportation Once at Destination



20 respondents skipped the question

Source: Bloomberg Intelligence, Attest

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Leisure, Lodging, Gaming, Restaurants, & Rental Cars: The Details

Source: Bloomberg Intelligence; https://kffhealthnews.org/multimedia/the-travel-bug/

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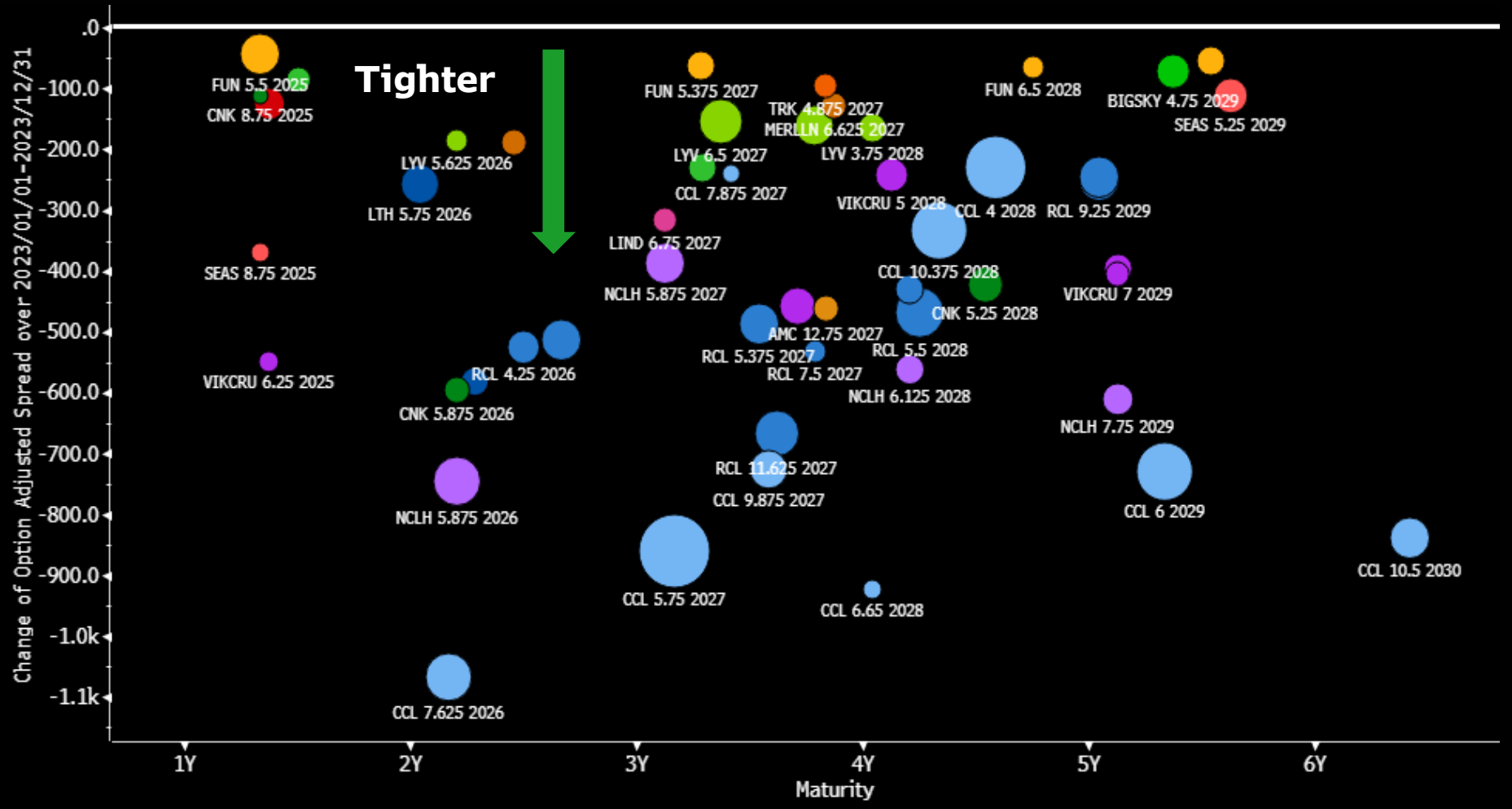
High Yield Credit Spreads Over Time

Source: Bloomberg Intelligence; Access G #BI 109210 chart on the Terminal: https://bloom.bg/3krgRf7

Bloomberg Intelligence BI

High Yield: Cruise, Theme-Park Bond Spreads Narrowed in 2023



Source: Bloomberg Intelligence; Access {FIW @LEISURE2023OAS<GO>} chart on the Terminal

Bloomberg Intelligence

High Grade: Most Leisure, Restaurant Bonds Narrowed

Source: Bloomberg Intelligence; Access {FIW @LEISURE2023G<GO>} chart on the Terminal

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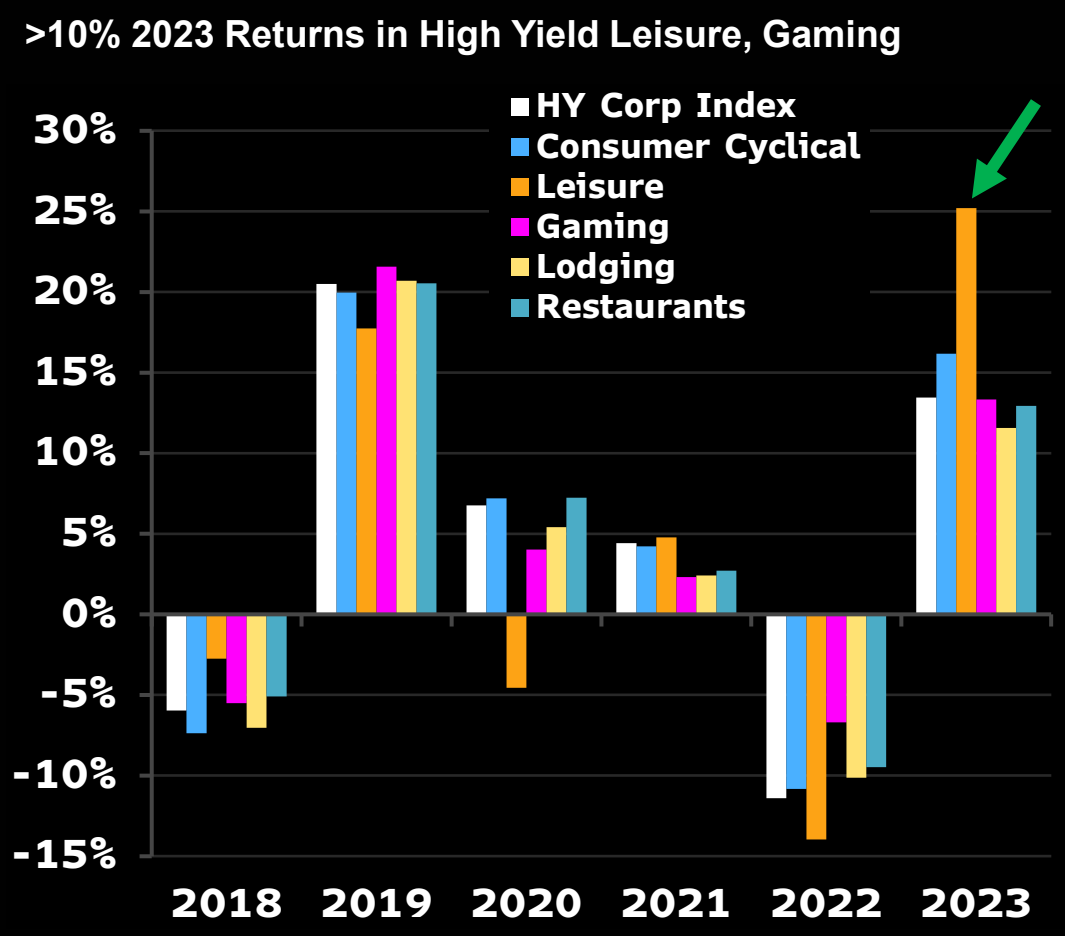
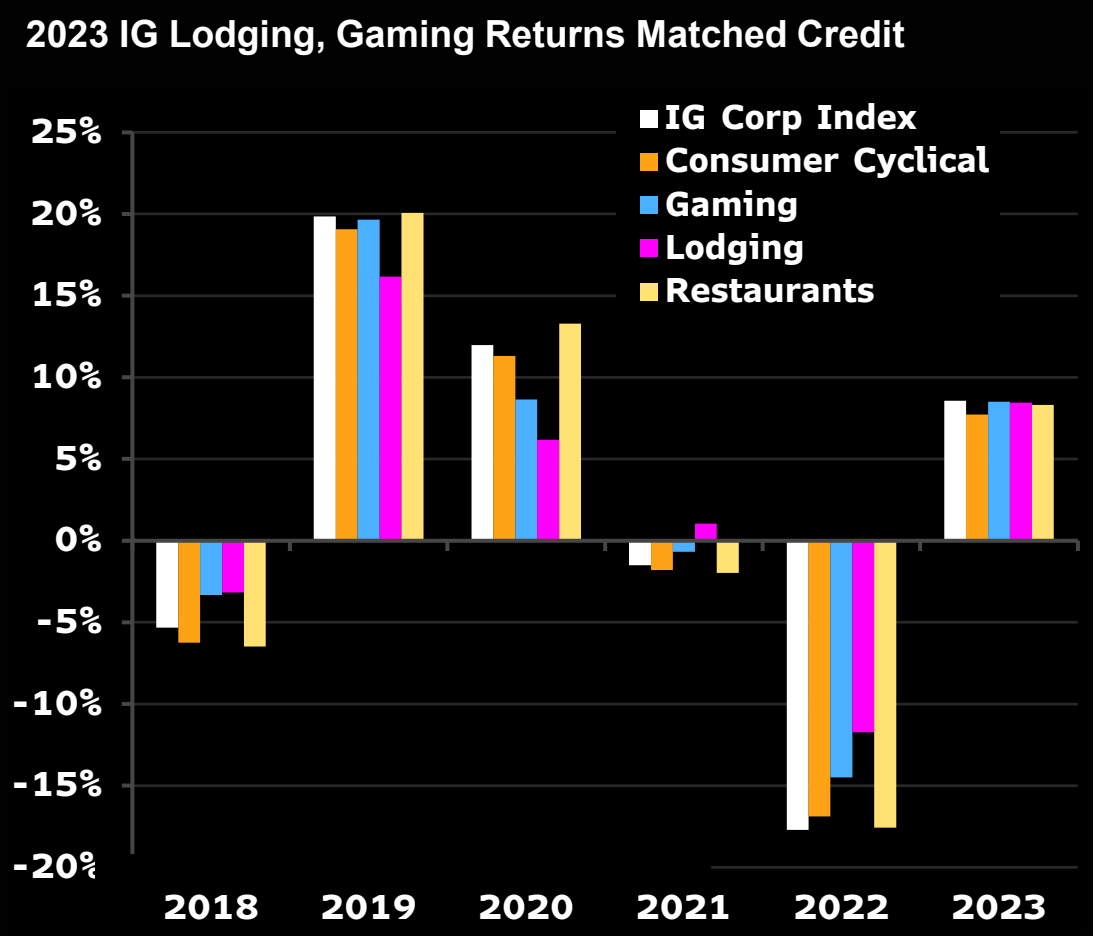
High-Yield Leisure Bonds' Return Momentum From Last Year; High-Grade Leisure Returns Mirror Broader Index





Source: Bloomberg Intelligence, PORT<GO>

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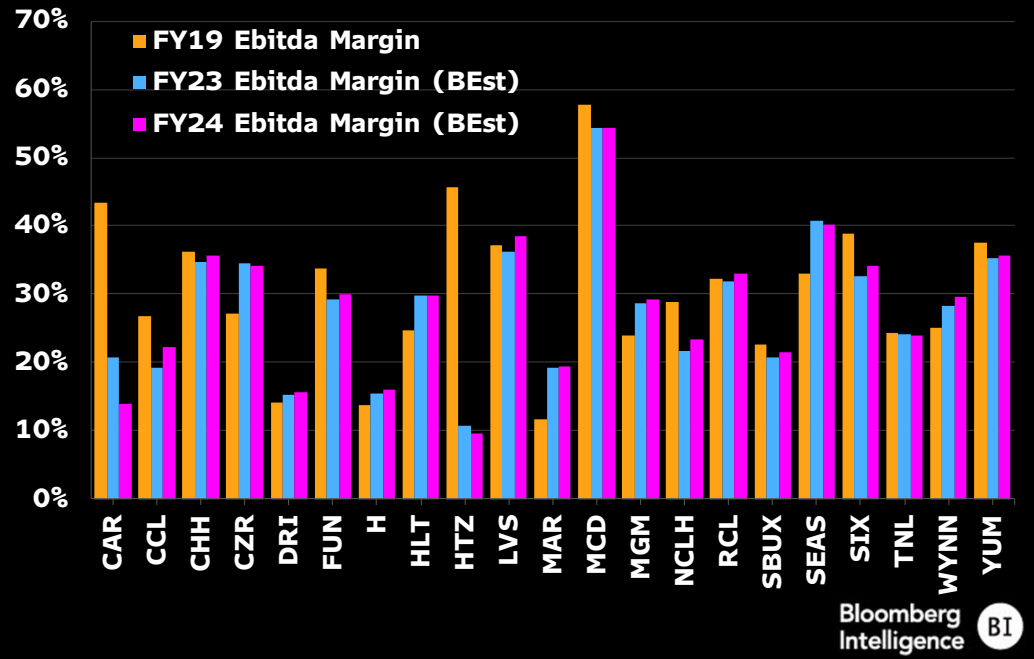
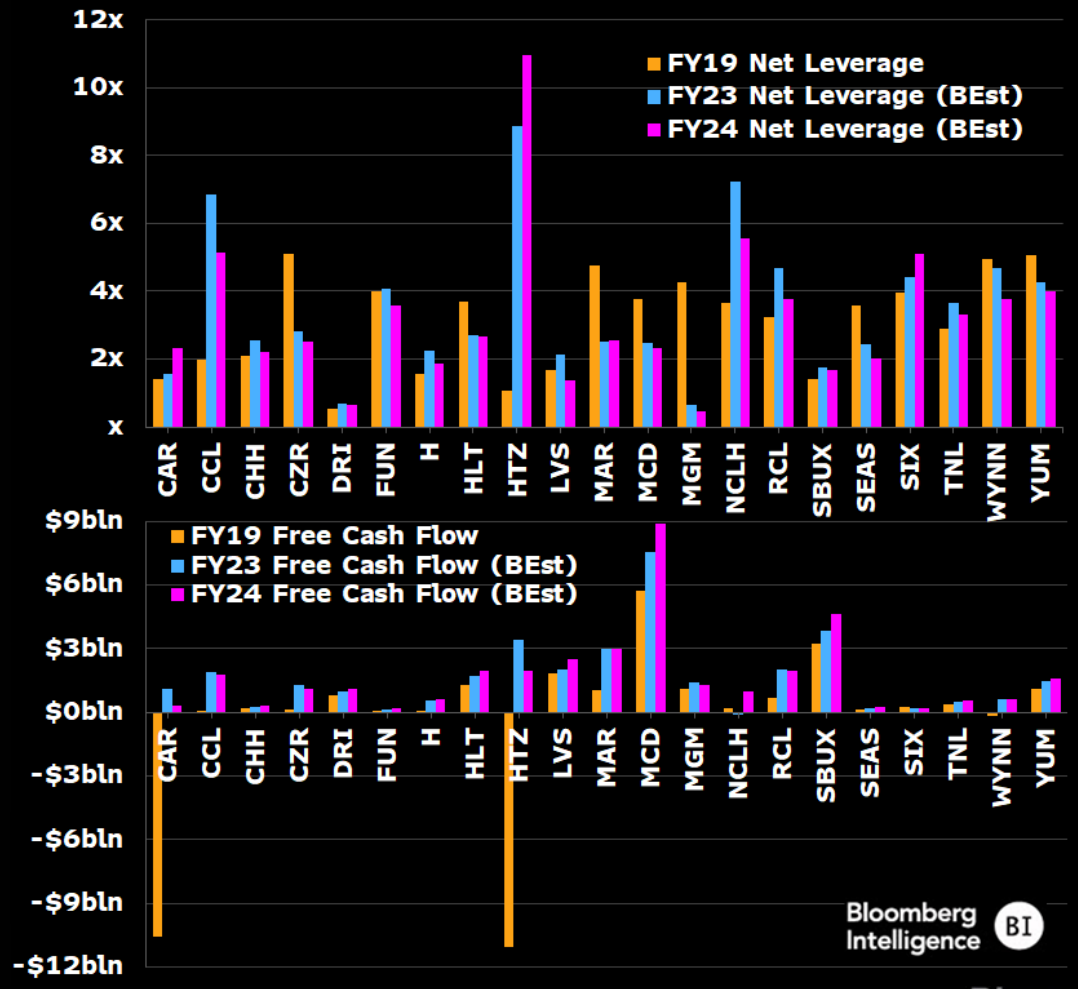
Margins, Cash Flows and Net Leverage

2019 vs 2023-24 Ebitda Margin (Best)



2022-24 Net Leverage and Free Cash Flow (Best)



Source: Bloomberg Intelligence; EEO<GO> and MODL<GO> screens on the Terminal for BEst numbers; as of Nov 21, 2023

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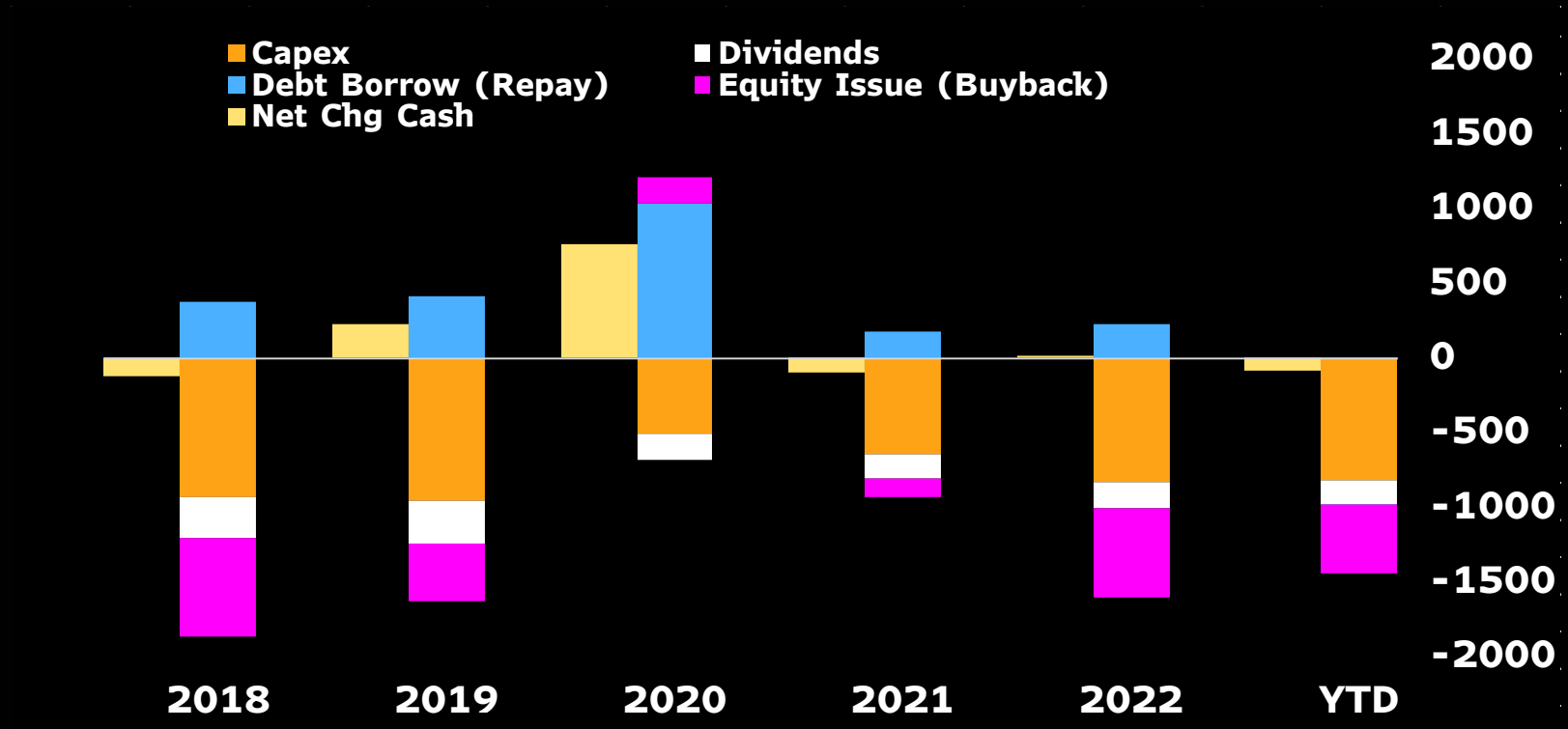
Average Company's Spend or Save Cash Over Time



Source: Bloomberg Intelligence; Used FA<GO> data and screened in EQS<GO> on the Terminal for companies based in the US with at least $1B in long-term debt a/o YE 2021 in the following sectors: Restaurants and Bars, Travel and Tourism, Casinos and Gambling, Hotels and Motels, Recreational Services, Rental and Leasing Services: Consumer

Bloomberg Intelligence BI

Source: Bloomberg Intelligence; FA<GO>; EQS<GO>; as of Nov 21, 2023

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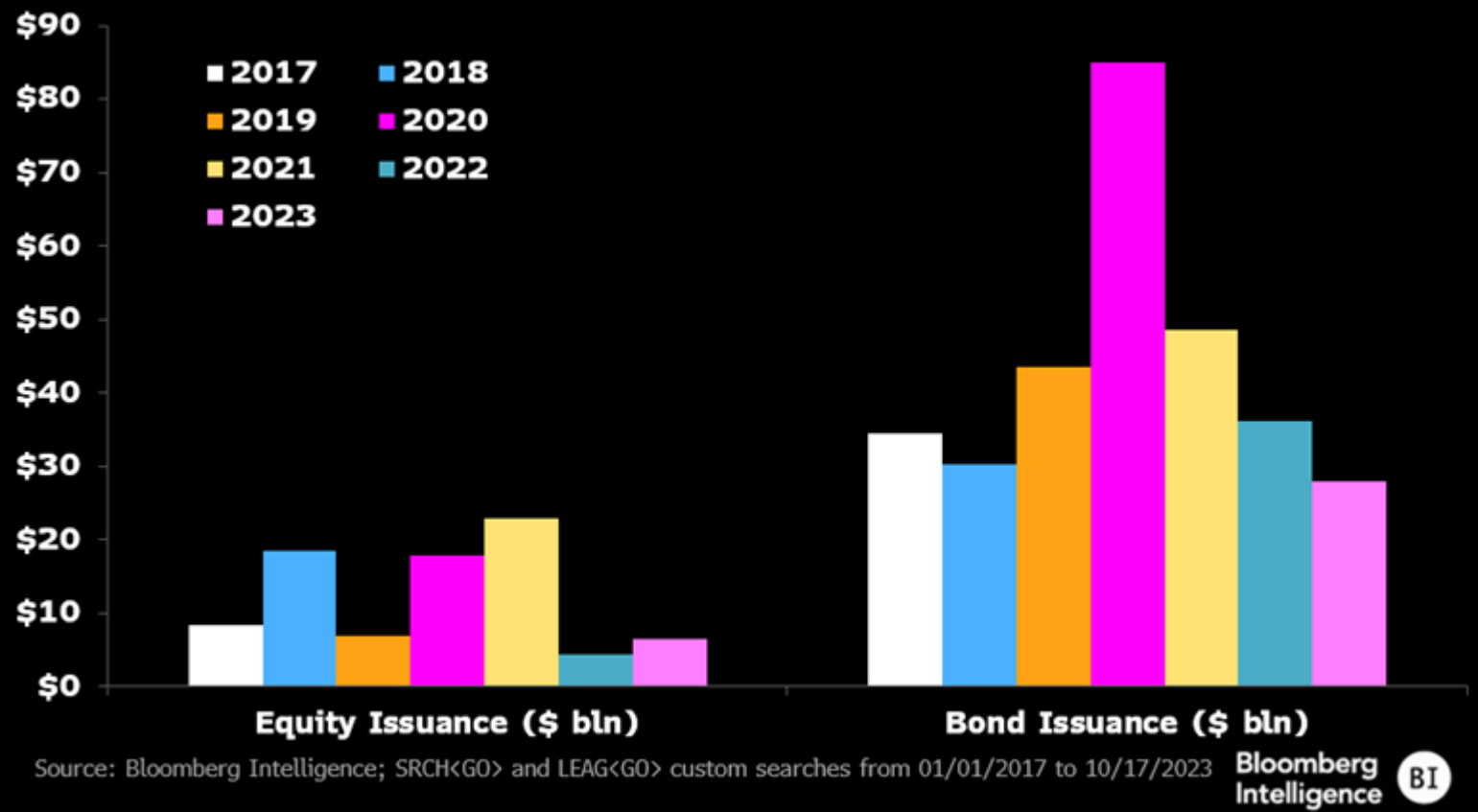
Sector Issuance Volumes Since 2017



Source: Bloomberg Intelligence; SRCH<GO> and LEAG<GO> custom searches from 01/01/2017 to 11/21/2023

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Universe Ratings Matrix

High Grade

High Grade Universe Rating Matrix

Company	LT Issuer Rating Moody's / S&P / Fitch	Outlook Moody's	Outlook S&P	Outlook Fitch	Leverage
DARDEN RESTAURAN	Baa2 / BBB / BBB	●	●	●	1.7x
MCDONALDS CORP	Baa1 / BBB+ / WD	●	●	●	2.7x
STARBUCKS CORP	Baa1 / BBB+ / WD	●	●	●	1.9x
LAS VEGAS SANDS	Baa3 / BBB- / BBB-	●	●	●	3.1x
CHOICE HOTELS	Baa3 / BBB- *- / N.A.	●	●	●	2.6x
HYATT HOTELS-A	Baa3 / BBB- / BBB-	●	●	●	3.0x
MARRIOTT INTL-A	Baa2 / BBB / WD	●	●	●	2.6x

Source: Company Filings, Bloomberg
Note: Using Issuer LT rating unless otherwise noted.
* FFO Adjusted Leverage

Outlook Key: ● Negative ● Stable ● Positive ● Not Applicable

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High Yield

High Yield Universe Rating Matrix

Company	Insert ticker here, th	LT Issuer Rating Moody's / S&P / Fitch	Outlook Moody's	Outlook S&P	Outlook Fitch	Leverage
AVIS BUDGET GROU	CAR US Equity	B2 / BB - / N.A.	●	●	●	9.3x
CAESARS ENTERTAI	CZR US Equity	B1 / B+ / N.A.	●	●	●	3.1x
CARNIVAL CORP	CCL US Equity	B2 / BB- / NR	●	●	●	5.4x
CEDAR FAIR LP	FUN US Equity	B2 *+ / BB- *+ / N.A.	●	●	●	4.3x
HERTZ GLOBAL HLD	HTZ US Equity	Caa1 / B / N.A.	●	●	●	21.0x
HILTON WORLDWIDE	HLT US Equity	Ba2 / BB / N.A.	●	●	●	2.9x
MGM RESORTS INTE	MGM US Equity	B1 / B+ / WD	●	●	●	1.4x
NORWEGIAN CRUISE	NCLH US Equity	B2 / B / N.A.	●	●	●	7.5x
ROYAL CARIBBEAN	RCL US Equity	B1 / BB- / N.A.	●	●	●	4.0x
SEAWORLD ENTERTA	SEAS US Equity	B2 / B+ / N.A.	●	●	●	3.0x
SIX FLAGS ENTERT	SIX US Equity	B2 *+ / B+ *+ / N.A.	●	●	●	4.9x
WYNN RESORTS LTD	WYNN US Equity	B2 / B+ / N.A.	●	●	●	6.4x
YUM! BRANDS INC	YUM US Equity	Ba2 / BB+ / WD	●	●	●	4.6x

Source: Company Filings, Bloomberg
Note: Using Issuer LT rating unless otherwise noted.
* FFO Adjusted Leverage

Outlook Key: ● Negative ● Stable ● Positive ● Not Applicable

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Source: Bloomberg Intelligence

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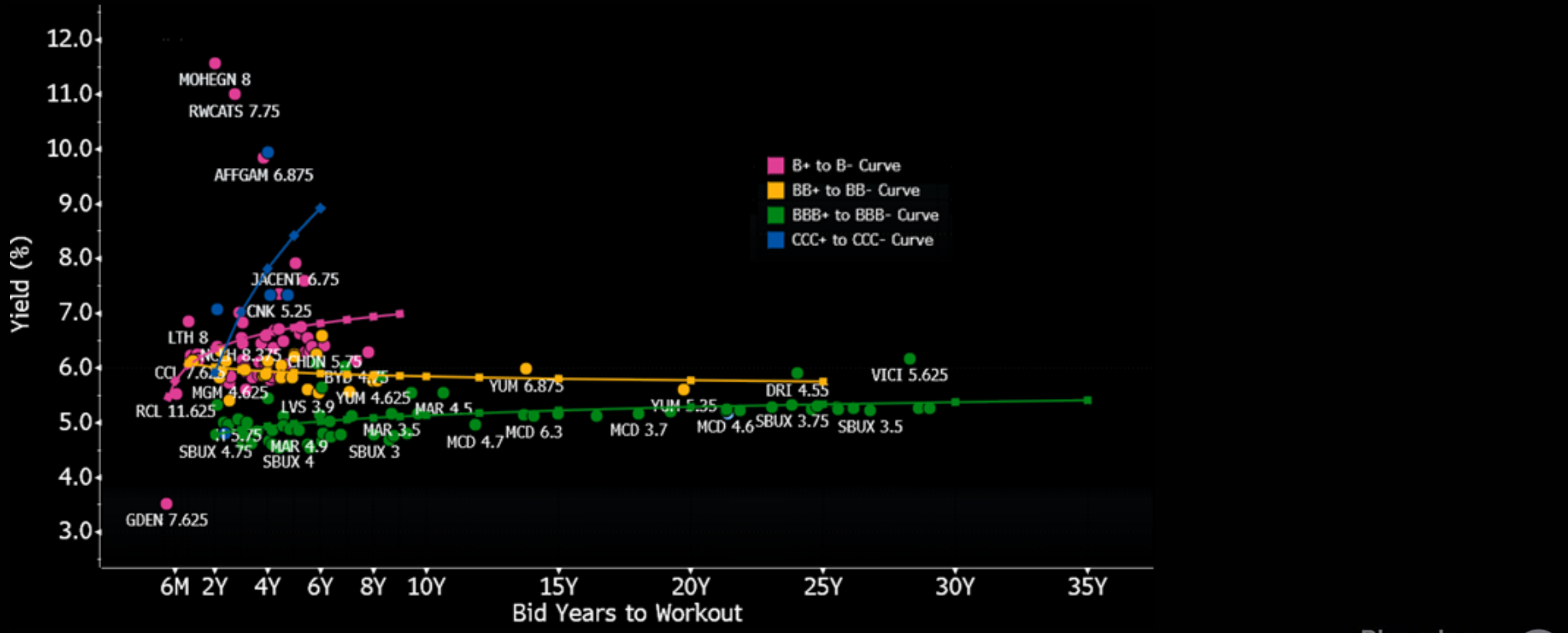
FIW: High Grade and High Yield Leisure, Lodging, Gaming Restaurant Bonds



Source: Bloomberg Intelligence; Access {FIW @LEISLODGREST<GO>} chart on the Terminal: https://bloom.bg/3oh8LXB

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Thank you

Contact the Bloomberg Intelligence Analyst

Jody K. Lurie, Senior Credit Analyst, jlurie20@bloomberg.net

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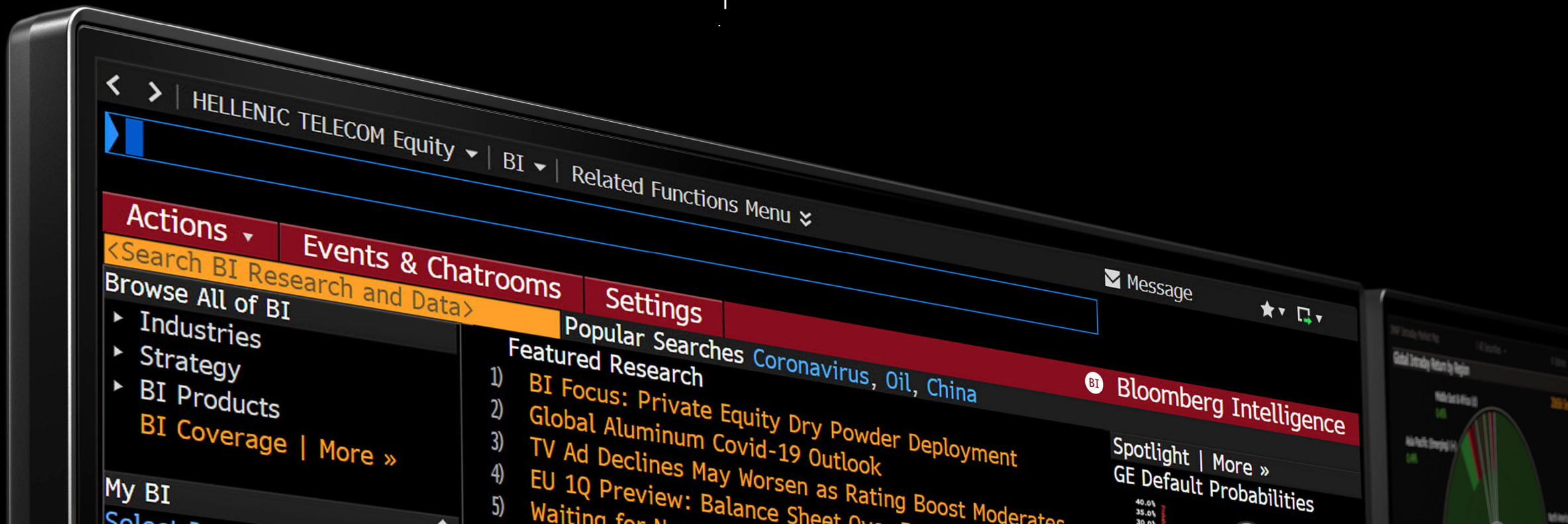
Data-driven research.

400 research professionals covering 2,000 companies and more than 135 industries

BI <GO>