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PLYA.OQ - Q2 2018 Playa Hotels & Resorts NV Earnings Call

EVENT DATE/TIME: AUGUST 07, 2018 / 1:00PM GMT

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PRESENTATION

Operator

Good morning. My name is Mikey, and I will be your conference operator for today. At this time, I would like to welcome everyone, to the Second Quarter Playa Hotels Earnings Call. (Operator Instructions) Thank you. Mr. Hymel, you may begin your conference.

Ryan Hymel - *Playa Hotels & Resorts N.V. - Executive VP & CFO*

Thank you very, very much. Good morning, everyone, and welcome to Playa's 2018 Second Quarter Earnings Call. Before we begin, I'd like to remind participants that many of our comments today will be considered forward-looking statements and are subject to numerous risks and uncertainties that may cause the company's actual results to differ materially from what has been communicated.

Forward-looking statements made today are effective only as of today, and the company undertakes no obligation to update forward-looking statements. For a discussion of some of the factors that could cause actual results to differ, please review the Risk Factors section of our most recent filings. We've updated our IR website at investors.playaresorts.com with today's presentation and recent releases. Also, as we discuss certain non-GAAP measures, it may be helpful to review the reconciliations to GAAP located in our press release.

On today's call, Bruce Wardinski, Playa's Chairman and Chief Executive Officer, will provide some perspective on the quarter and key operational highlights, including our most recent acquisition and the first month's performance of our Sagicor portfolio. Bruce will then turn the call back over to me, and I will address our Q2 results and other financial matters for the company. We will then take your questions. With that, I will now turn the call over to Bruce.

Bruce D. Wardinski - *Playa Hotels & Resorts N.V. - Chairman & CEO*

Great, thanks Ryan, good morning, and thanks to everybody for joining us today. We're very happy to report that the second quarter was another successful period for Playa strategically and operationally, as results exceeded our internal expectations. I remain extremely bullish in my assertion that Playa will continue to enhance and grow its position, as the leader in the all-inclusive space, a high-growth, very profitable and extremely fragmented sector. This is no more evident than our successful consummation of the acquisition of the Sagicor portfolio, of resorts in Montego Bay and Ocho Rios in Jamaica. While it's still very early in our ownership, having only included one month of contribution to our second quarter results, the portfolio is performing above our initial underwriting, and bear in mind, this is before implementing many of the value enhancing initiatives we've identified previously.

And these are straightforward steps for Playa, and include incorporating preferred rates with OTAs and tour operators, purchasing and centralized services synergies and costs synergies by integrating several functions, including accounting, marketing, legal, procurement and insurance. While we are on the topic, I would like to publicly welcome the Sagicor properties to the Playa family. And personally thank the integration teams and the associates for always putting our guests first and keeping service level high during what must have been a very challenging time. The excellent third-party reviews we received throughout the transition are a testament to the character, loyalty and passion for service that characterize the Playa teams, and we look forward to working with you to continue to exceed our guest expectations every day. This hard work certainly translated to financial results. As you've seen from our release, the Sagicor portfolio contributed $8 million of total revenue and $2.8 million of resort EBITDA during the 29 days we owned the resorts. We are very encouraged by these early results and look forward to further enhancing value at these excellent resorts.

This portfolio of assets highlights Playa's focus on continuing to diversify geographically. Our owned rooms in Jamaica, grew from 10% to 26% of our total

portfolio, and this deal increases Playa's footprint in one of the best all-inclusive markets in the Caribbean, with strong growth in the tourism sector. International airport arrivals into Jamaica, grew by 8% in 2017, to reach 4.2 million visitors with over 95% of tourist visits for leisure purposes.

Another topic that we wanted to discuss today, was some of the more positive macro news that we are seeing out of Mexico. We know everyone is aware of the negative press and travel advisories that have come out over the last 12 months, but we are encouraged by some of the recent positive events as we near the anniversary of when this all started. The first is the election of Andrés Manuel López Obrador, as president, who will serve a 6-year term representing a coalition that includes 3 parties, all of which obtained majority in both chambers of congress. We view the potential here for successful legislative negotiation as a positive for Playa.

López Obrador's administration will be inaugurated on December 1, 2018. The president elects team is yet to make public a formal plan, but we wanted to summarize some of his positions on economic and tax policy most applicable to Playa. These are based on public statements made during his campaign and his Election Day victory speech. Some key points are: one, Obrador's campaign was tough on crime and corruption and focused on tourism and infrastructure improvements as the key catalyst for employment and wage growth; two, he will not increase tax rates and there will be no tax reform for 2019, but likely for 2020, where both income tax and VAT are expected to be reduced for boarder regions; three, creation of a public-private investment fund to deploy infrastructure projects and his emphasis on tourism as a facilitator of jobs, entrepreneurship and economic growth; four, plans to increase the minimum wage, most significantly, in the border regions. This shouldn't be too impactful to Playa though, given that on average, only 18% of our workforce is subject to minimum wage and actual minimum wage payroll represents on average only 5% to 8% of our total labor cost; five, the reestablishment of the Ministry of Public Security. This is a federal agency, much like Homeland Security in the United States, that we believe, will play an important role in enhancing public securities throughout Mexico, and therefore, help to combat the recent negative press regarding crime in some of the regions in the country.

At the end of the day, these plans will be subject to change, but Playa is very encouraged by Lopez Obrador's passion and commitment, most importantly, to tourism. At a minimum, the government thanks to its congressional majority can begin to take measures to enact many of these policies, particularly those related to crime, where the current administration has been plagued recently by inactivity.

In that same vein, on July 16, the U.S. State Department updated its travel advisory to Mexico and confirmed that there are no travel restrictions for any of the Playa locations, categorizing them as Level 2 destinations, the same level granted to countries like France, Germany and the United Kingdom. We track Google search indices on crime in Cancun, which spiked to 100, which is the maximum in August of 2017 and to 75 last November. As of last month, this search index was down to below 25 in some weeks. This is something we will continue to monitor, but we are very pleased with this encouraging trend.

Another very exciting topic we wanted to cover on today's call is the new and improved booking engine on playaresorts.com. As you heard Kevin Froemming mentioned at our Investor Day, Playa recently entered into a relationship with Sabre SynXis to arm our website with a new and highly responsive, superfast search and mobile optimized booking experience. This booking engine allows for direct connection to metasites, such as TripAdvisor, KAYAK and Google Hotel as well as multi-language and currency options for a diversified customer base. The system allows us to sell customized, targeted offers and rate plans that can be adjusted in real time to optimize revenue management strategies, and it allows Playa to sell high-margin ancillary add-ons to increase the overall value of a reservation and help us drive customer conversion.

What's most exciting about this, from my perspective, is the very low cost of acquisition for a guest. Previously, Playa paid a $64 booking fee per reservation through playaresorts.com, and now we pay only $4 per reservation. That is the equivalent of a 300 basis points acquisition cost savings of an average 5-night stay. Now, when the customer books direct on our website, it costs us approximately 3% to 8%, depending on the guest, which is obviously extremely low. We only went live with this new platform less than 2 months ago and we are already seeing significant increases in the volume of bookings and revenue.

Here are some highly encouraging data points I want to share with you: one, we launched the system on June 17 of this year. For the 16 days from June 1 through the 16, on the old platform, we sold $295,000 in gross revenue and 811 room nights. For the remaining days, from June 17 through the 30th on the new platform, we sold $763,000 in gross revenue and 1,873 room nights. When you add in the new $4 lower booking cost, this is the equivalent of an almost 16% increase in ADR from the first half of the month to the second half of the month; second, the statistics for the month of July are even more encouraging. In July 2017, we sold $344,000 in gross revenue on our old booking engine and 774 room nights. This year, during the month of July, we sold $2.4 million in gross revenue and 5,680 room nights. That's 7x of production in one single month. While this is certainly a small sample size, the results are staggering, even in the low booking season and are incredibly encouraging. As we mentioned at our Investor Day, it is our goal to reach $50 million in annual gross revenue through playaresorts.com, in the next 12 to 18 months. And with improvements as encouraging as the statistics I've just shared, we should have no trouble reaching that goal. This is, of course, not all incremental revenue, but in any case, it is revenue that was previously being booked elsewhere, either at a competing resort or more likely through a much higher cost distribution channel. We firmly believe this is only the beginning of excellent progress in our path to far more consumer-direct business.

Next, as a quick update, we continue to make excellent progress in the development of our 750 room, Ziva and Zilara in the gated community of Cap Cana and Punta Cana. To date, we've spent almost $90 million in the project, including the purchase of the land. We are on schedule to open in late 2019 with 2020 being the first full year of operation. This is a very strategic resort for Playa and the Ziva and Zilara with meeting space to handle large incentive groups in a destination like Punta Cana should do incredibly well. We are already seeing group bookings in the system for 2020. In fact, through today, booking pace currently sits at about 1/3 of the bookings of Cabos and Jamaica, which is very encouraging given it's still early, very early in the sales process and there is no physical assets to tour and sell.

We also wanted to point out that unlike other lodging companies, where a group-up strategy is good for revenues, but a headwind to margins, Playa's all-inclusive model means that increases in group business will not only help bolster lower occupancy periods, but are also accretive to margins as everything is already included in the package price. Group guests are also more likely to book high-margin non-package revenue items like spa packages and dinners on the beach. We've seen this playbook before in our resorts in Jamaica and Los Cabos, our 2 other large incentive group destinations.

We believe, this property should be a $30-plus million EBITDA resort on a run-rate basis. In the supplemental deck, we posted on our website for today's call, you can see updated room and resort renderings and some very recent aerial photos of the construction site and the buildings that are already up. We are very excited about this project and the EBITDA we'll produce for the company.

And lastly, we are finalizing the schedule for a significant renovation and rebranding of our 513-room Royal in Playa del Carmen. As we stated on our last call, this resort has been a huge part of our success since we acquired it in 2013, and it has seen EBITDA improve significantly over the last few years, although we have seen some softening in 2018 given the need for renovation at this resort. The resort also lacks a true brand, and we feel that rebranding to a U.S. consumer, recognizable brand, along with the full rooms renovation will greatly improve our financial results. In the near future, we will announce the brand, timing and full scope of the renovation and update the market on any changes to the outlook. Again, we are extremely bullish on the future growth of this resort upon completion of this important renovation. I'm excited about the near- and long-term prospects for our company, and I'm adamant that Playa remains a largely underappreciated story with an immense amount of upside in our current base of EBITDA. As we stated before, it is our goal to build an iconic and distinctive portfolio of recognizable, branded all-inclusive hotels, that will continue to outperform the market, just as our Hyatt resorts have demonstrated. Again, the fact that Playa now is a full spectrum of brands at our disposal, it allowed us to take a fresh look at our capital plans over the next few years and maintain our disciplined approach to capital allocation. With that, I will turn it over to Ryan, to discuss our second quarter 2018 results.

Ryan Hymel - *Playa Hotels & Resorts N.V. - Executive VP & CFO*

Thank you, Bruce. And good morning, everyone. Before we get in the results, I wanted to walk through the various headwinds and tailwinds that we saw in the quarter. As anticipated, business was impacted in our markets by the shift in the Easter holiday, which is the unofficial and the Playa's highest rated season. Since Playa is essentially 100% leisure business model, the Easter holiday shift had a negative impact on Playa, where many other lodging companies actually see a benefit from that shift, something that we wanted you to be aware of. In 2017, if you recall, Easter week ended the third week of April, on the 16th, and this year it was the last week of March, and if you recall, last year, in 2017, our Q2 RevPAR was up 11.6%. This more than 2 weeks' shift pushed the benefit of the Easter week in March thus making it a very tough comp for our hotels, particularly those in Mexico.

As a result of a holiday shift, April RevPAR in April, was down 5.5%, but by June, trends had rebounded and June RevPAR was actually up 3.2%, on a same-store basis, which was very encouraging. Another item of note was the sharp increase in insurance premiums, which we discussed briefly on our last call from our renewal of our annual property insurance program, which went into effect in early April. If you recall, 2017 was a year of record catastrophic losses for the insurance industry between flooding in Houston, California wildfires and multiple hurricanes, we as well as many other companies with CAT exposure had very long and difficult renewal processes. There were cases of other companies needing to take 100% to 200% premium increases with large changes in swings to underlying coverages and limits. Playa ended up with only a 33% premium increase, but that still equates to almost $3.5 million in additional annualized premium, but we're very happy to report we're able to maintain full coverage and limits with no changes to underlying deductibles or limits. The value of the assets is still protected.

The prorated premium increase for the second quarter was over $500,000, which obviously effects our results. On the positive side, we are continued to be encouraged by airlift statistics into all of our regions in demand, especially in Mexico. On a June year-to-date basis, international arrivals are up 4.7% in Cancun, 3.1% in the Los Cabos, 4% in Puerto Vallarta, 8.6% in the Punta Cana and 7.3% Montego Bay. The geographic profile of our guests also continues to be well diversified. Through June, 60% of our business was from the United States, 13% from Europe, 12% from Canada, 5% from Mexico, 3% from South America and 2% from Asia. As Bruce stated before, the Sagicor acquisition helps diversify our base of EBITDA and will offer more options in Jamaica, which is a very, very strong U.S. customer destination.

Another positive was Playa's flow through on gross operating profit, which is the metric used by our operations team to measure the percentage of each incremental or loss dollar revenue that flows through to gross operating profit. Playa's portfolio achieved flow through of 78% on GOP for the quarter, well above our 50% target and benchmark. With these items as the backdrop, I would like to now get into our second quarter results. As you saw, net package RevPAR decreased to 1.8%, which again a lot has to do with the shift in Easter, and we think a low single-digit RevPAR increase is more indicative of our true trend for the quarter when you think about the fact that June was up over 3%.

ADR was down 4% and an increase in average occupancy of 190 basis points. Total net revenue including Sagicor, increased 3% and resort EBITDA for our owned portfolio was just under $50 million, which represents a 1.9% increase over prior year, all totaling to consolidated adjusted EBITDA of $41.3 million, which is a 70 basis point increase.

Our Hyatt properties continue to perform well. Net package RevPAR grew 4.9% for the quarter for the Hyatts and the Hyatt's resort EBITDA grew 2.6%, which would have been higher not for the insurance increases.

Now I'd like to briefly review our operational segments. Before that, as you may have noticed from our earnings release, we have adjusted the way we're going to report these segments going forward. Previously, if you recall the Ziva and Zilara in Jamaica and the 3 assets in the DR were lumped together in the Caribbean segment. Given the recent acquisition of the Sagicor, we will break Jamaica into its own segment now, both on a total and same-store basis. And the DR assets will remain in their own segment [happily] called the DR. As you may have figured out, Jamaica on a same-store basis, is simply results from the Ziva and Zilara and Rose Hall in Jamaica, so you actually get to see the individual statistics for that hotel in the next couple of quarters. As you've seen from our release, Playa's best performing segments in the quarter were the Dominican Republic and Jamaica on a same-store basis. RevPAR in Jamaica was up 29% with a significant increase in resort EBITDA and profit margin. This is largely driven by the work we completed in 2017 in our Ziva and Zilara in Rose Hall, which has driven significant increases in rate and is yet another example the type of lift Playa can generate from renovations and remodeling. The DR outperformed our expectations, particularly at Dreams Palm Beach and La Romana, where we saw RevPAR increased 3% and 7% respectively.

The Sagicor hotels, as Bruce mentioned, performed well in the first month of the part of Playa. And as you'll see in the future quarters, the absolute dollar of RevPAR contribution will actually lower Playa's overall average, simply given the fact that they are at a lower starting point in ADR, which is, of course, a fantastic opportunity for Playa to improve upon. So just to be clear, and we've gotten this question, the Sagicor hotels are not down versus prior year, it's simply the fact that our absolute dollar RevPAR is lower than that of the Ziva and Zilara in Rose Hall, so it brings down the average. The Sagicor hotels for the month were actually slightly up over last year, which is encouraging. Our Playa resorts in the Yucatán, like the rest of the hotels in the market, were affected by the aforementioned shift in the Easter holiday and the overall pressure on package rates and the destination. Revenue decreased over 7% in the market, although that was driven mostly by the performance of the Royal Playa del Carmen and the ramping up of the 2 Panama Jack properties. This underperformance of the Royal is one of the many reasons why we're so bullish as, as Bruce mentioned, about the prospects of renovating and rebranding that resort. The Panama Jacks, to their credit, did quite well in Q2 of last year posting RevPAR gains of -- on average of 6.6% in Q2 of 2017 thus making it a tough comp for them in 2018, as they continue to ramp up after rebranding.

As we look forward to the fourth quarter, the Panama Jacks should outperform as they continue to improve the results and lap easier prior-year comparisons. And lastly, the Pacific region, the decrease in revenue and resort EBITDA was due to the performance of Los Cabos, who saw its group revenue decline due to group cancellations, particularly in the second half of last year, which were backfilled with lower rate of leisure business to maintain occupancies. Encouragingly though, in the first 6 months of 2018, we've booked more than double the amount of business we did in the second half of last year, and we also have a significant amount of tentative bookings in the pipeline, which we expect to convert most of which, in the second half of 2018.

So looking ahead our internal forecast for the third and fourth quarter, we expect that our DR in Jamaica segments will continue to perform well against our portfolio on a same-store basis, and we expect that we should marginally improve in the Yucatán and in the Pacific in the third quarter, but also see much better improvements in RevPAR in the fourth quarter, admittedly though, some of that's against easier comps in the fourth quarter.

As of June 30, 2018, the company held $146 million in cash and equivalents. Total interest-bearing debt was just over $1 billion, comprised of our Term Loan B secured debt due 2024. And as of June 30, there are no outstanding amounts on our revolving credit facility. As Bruce mentioned, we spent almost $90 million thus far on the development of our 750 rooms in Ziva and Zilara in Cap Cana, including purchasing the land and adjusted net debt excluding that spending, is $766 million.

So now I'd like to turn our attention to the 2018 outlook. As I mentioned at the beginning of this call, Playa takes no obligation to update forward-looking statements, and anything that can be regarded as a forward-looking statement is subject to numerous risks and uncertainties that may cause the company's actual results to differ materially from what has been communicated. As Bruce and I both mentioned, we are very pleased with the results of the portfolio, particularly given the shift in the Easter holiday and the increase in insurance premiums. And this really demonstrates the resiliency of our portfolio and our operating model. We're encouraged, as Bruce mentioned, by the initial booking trends in playa.com, and most importantly, the immediate contribution of the Sagicor portfolio, and therefore, previously announced full year 2018 guidance of $179 million to $185 million of adjusted EBITDA remains unchanged.

But as we've said before, given the fact that we didn't have the benefit of owning Sagicor during the high season, our pro forma annualized adjusted EBITDA is meaningful higher than that. Another thing to keep in mind is, as you model out the remainder of 2018, please remember that the seasonality will be skewed a bit since we are only including Sagicor's contribution for the back half of the year, so we expect to earn about 14% to 16% of our annual adjusted EBITDA in the third quarter and 19% to 21% in the fourth quarter. As Bruce stated, we strongly believe Playa remains a largely unappreciated story with immense amount of upside in the current base of EBITDA. And as we briefly mentioned on our last call and on our Investor Day, we think the proper way to value Playa is not based on our current results, but rather the earnings power and potential of the pro forma Playa and Sagicor portfolio, combined with run rate earnings of the Ziva and Zilara Cap Cana project and incremental EBITDA from the strategic development projects that we've discussed previously. With that, I will turn it back over to Bruce.

Bruce D. Wardinski - *Playa Hotels & Resorts N.V. - Chairman & CEO*

Great. Thanks, Ryan. And thanks to all of you for participating on today's quarterly earnings call for Playa. At the midpoint, here of 2018, we can look back on a solid first half of financial results and a very successful M&A deal, and say, that has been a really good year so far. However, what I'd like to focus attention on are the tremendous opportunities ahead of us. What excites me most, are initiatives that we plan on announcing in the coming months. The Royal and Playa del Carmen will be rebranded. More than that, we are looking at additional opportunities to expand our strategy of outsourcing branding and hope to announce those projects soon as well. Results at our Jamaican resorts were super strong in the second quarter and should continue to outperform in the coming months and years. I was in Jamaica 2 weeks ago and the potential we have there is incredible. I expect to look back on the Sagicor transaction and the related expansions, conversions and improvements as much more profitable than we ever thought possible. Plain and simple, our banding strategy is working, and we'll continue to drive outstanding results.

Look at how our Hyatt resorts outperformed in Q2. Hilton Rose Hall is up next for expansion and improved results are certainly going to come there. We absolutely will expand our branded resort portfolio, and believe, we can continue to out-position our non-branded competition in the all-inclusive segment.

Our playaresorts.com initiatives are paying off well above our expectations. What's obvious is that there is tremendous demand for quality, all-inclusive resorts, and we just need to find efficient ways to connect directly with consumers. These results, while impressive, are just the beginning of our efforts. Shifting more of our business to consumer-direct away from other high-cost distribution channels will drive our future profitability. We continue to make progress towards the creation of a Playa vacation club. This concept is well known in our markets and offers a competitive product versus timeshare companies. The vacation club would offer an immense amount of value to Playa, first in the form of commissions the club pays to Playa's resorts for the memberships sold, but much more importantly, the club serves as a loyalty program for our resorts. It establishes a long-term relationship with the guest, and club members typically spend more on non-package items such as spa treatments and other upgrades. Club members also act as a great base of occupancy and allow us to yield manage more efficiently and can be supportive during the off-season. While I cannot yet share the specifics of how this will be structured and when this will be completed, I can say, however, that we are focused on launching this in the near term.

Sagicor will not be our last M&A deal. We are in more discussions on possible transactions and the success of rolling resort portfolios into Playa, like we had with Real resorts and now Sagicor are proving to be great case studies. We are a growth company, and a highly fragmented industry. There are some really incredible opportunities out there.

In short, we are not resting on past accomplishments, but rather we continue striving to execute our strategy and increase shareholder value. We will continue to outsource branding and focus on what we do best to improve sales and profitability. We will also continue to grow, but to do so in prudent and highly profitable ways. I'm so excited about the coming months and years for what our team at Playa can accomplish and look forward to converting these plans and initiatives in the concrete actions and results that will drive Playa to our bridge to $300 million and beyond. Thanks again for spending time with us this morning, and we will now open up the phone line for any questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Your first question comes from the line of Chris Woronka of Deutsche Bank.

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

I guess, the question is for Bruce. Bruce, what is -- see if you can talk a little bit about how you expect the customer mixed change with some of your already announced branding initiatives as well as the book-direct campaign, and maybe talk a little bit about whether the little bit of slippage we saw in non-package in the second quarter, was that all function of some of the group cancellations? But just your view on how the customer mix is going to change going forward?

Bruce D. Wardinski - *Playa Hotels & Resorts N.V. - Chairman & CEO*

Sure. Chris, I think the best customer from our side from both numbers and dollars of revenue and then equates into profitability comes from North America, primarily, from the U.S. market and then from Canada. And I think the strength of the brands is obviously in that market. So I think, you'll see some improvement there. But our focus is very much on maintaining diversified customer base. And fortunately, the brands have done a great job expanding into Europe and into other regions, so I think, they're going to resonate well -- our product will resonate well with their customers. And so we're looking to do that. I'm super bullish on both the increase in the direct business and very much, where the customers are coming from in fact, that they're going to be paying higher rates, and that we're -- the net rates we'll receive are going to be higher. When it comes to the non-package revenue, I think you're right, it was primarily just on a gross basis from some of the group cancellations. If you look -- if you break that out and you look at net net hotels, it's a very positive picture. I can tell, like I said, I was in Jamaica 2 weeks ago in down -- their Rose Hall, their increase in non-package revenue has been incredible and that's because we're really focused on it. And you'll see through the rest of 2018 and then into next year and continued focus on that non-package revenue, because it's such highly profitable business for us. Hope that answers your question.

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

Yes, yes. No -- that's great. And just maybe second question for me. Bruce, when you mentioned some of the other acquisition opportunities that might be out there, do you have a preference for straight-out ownership versus management contract versus JV? And what are some of the things that shape the decision on which way you go depending on the opportunity?

Bruce D. Wardinski - *Playa Hotels & Resorts N.V. - Chairman & CEO*

Sure, that's a great question, Chris. The fact is we don't have a preference. So the benefit I guess of straight-out ownership is that you can make all your decisions and you can move more quickly. Having said that, it's limits our amount of growth, because of capital, as everyone is well aware. We have a number of initiatives, where groups are coming to us and they've seen what we have done to date, okay? And I think, Sagicor was really instrumental in getting interest from these kind of groups. And these are people, quite honestly, that don't need -- they don't need the cash. So it's not like they're selling out to do anything with the money, often it's a generational transition issue or looking at the strategy that the Playa has. The advantage of our strategy being the only -- number one, only publicly-traded, all-inclusive company, but more importantly, the only all-inclusive company focused on working with the major U.S. international brands is really attractive to people. So I cannot tell you how the success of our Hyatt resorts has resonated with people in our industry segment. And so I think they're going to be interested. So it could be straight ownership or it could be joint ventures or it could be management contracts. So we, right now, have the 2 management contracts, the Sanctuary in Cap Cana, that will reopen in September. In -- I mean, I look at that owner as a great example. He interviewed numerous other companies and he's a Spaniard and he chose Playa, and largely he chose it for -- and that's not a branded resort, but he chose it for the success that we've had. And then with Sagicor, the Jewel Grande, I think there, again, presents a potential branding opportunity. But, yes, we won't focus so much on 100% ownership. And I think it's going to be able to accelerate our growth going forward with the things we're looking at.

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

Okay. Very helpful. Just a quick one for Ryan. Ryan how should we think about pacing of CapEx, I guess, in the back half and maybe into '19, as you think about some of the projects in Jamaica, but also obviously Cap Cana. Is there any kind of you'll look at on a monthly basis or something? Is there a way to -- is there a jump up towards the end of Cap Cana or how should we think about it?

Ryan Hymel - *Playa Hotels & Resorts N.V. - Executive VP & CFO*

Yes. So for Cap Cana, as we mentioned, we've spent about $90 million and that includes purchasing the land. So all-in including the land is about $250 million give or take. So there is $160 million left, of which is probably $90 million or $100 million of that is this year. And we've already spent some of that obviously. But as with any of these major projects, particularly a big ground of development like that and we've seen it at our other examples before, it tends to get back loaded. So 2019, there's going to be a lot of development CapEx, the lion's share of which is obviously Cap

Cana. The other projects that we've outlined are much smaller in scope and dollars, they certainly add up. But on an individual basis, they are no more than kind of, call it, anywhere for $20 million to $30 million. But 2019 is probably our biggest spend, so you can model out probably around $160 million to $180 million all-in for 2019 between Cap Cana and some of the other projects we've discussed. And 2020, it continues to come back to more normalized levels where we just finish out some of those projects, including the Ziva and Palmyra and then not a whole lot in '21 and beyond that we haven't already discussed.

Operator

Your next question comes from the line of Bennett Rose with Citi.

Bennett Smedes Rose - *Citigroup Inc, Research Division - Director and Analyst*

I was just wondering if you could talk about a little bit on the -- just the competitive landscape what you're seeing from the other all-inclusive resorts, particularly in Cancun, in terms of pricing or other regions as well? And we're just seeing a lot of media reports about bad seaweed problems in Mexico this year, I know that's sort of become an annual event, but maybe if you -- have you seen any kind of fallout in terms of demand around that or is it a nonissue?

Bruce D. Wardinski - *Playa Hotels & Resorts N.V. - Chairman & CEO*

Sure. So Bennett, if you look at our pricing, Cancun -- you see it very much in the Hyatt Ziva Cancun and Hyatt Zilara Cancun, even though that a lot relates to the branding strategy, but even in Panama Jack Cancun compared to Panama Jack Playa del Carmen, Cancun is doing relatively well in the Cancun Hotel Zone and we're really pleased with our results there. And if you look at just from the competitive dynamics, there's a limited amount of inventory and not really able to have much new supply there. So we're at the top of the food chain for the quality of our resorts. And so I think there, the competitive dynamic is very much in our favor. As you go down to Playa Del Carmen and you've seen it in the results of the Royal, that Ryan referred to earlier, it's a little different dynamic and I think there, we did face some of the headwinds over the last 12 months from the travel advisories, some new supply, and to your point, some negative with the Sargasso, the seaweed issue. So the Sargasso, I unfortunately know more about Sargasso than I want to, but Sargasso is the Sea of Sargasso, which is kind of in the mid-Atlantic, and it has these amazing currents that take it from the middle of the Atlantic in this clockwise motion up through our region and is not just in Mexico, so it's a number of Caribbean islands and very importantly, it's in Florida now. So if you look at the media coverage, Florida has had it as well as the Gulf Coast of U.S. So what is causing it, is debatable. Some people say, it's increased water temperatures, climate change, whatever. I don't really know what's causing it, I'm not the seaweed expert. But it has had negative impact adjust 2 or 3 of our resorts. And so what we're doing there, is working with our neighbors and we just successfully did this down at -- in Playa Del Carmen at the Royal and the Panama Jack, and you put up basically nets that are a few hundred meters offshore and they prevent the seaweed from coming in. And now the local governments have acquired 2 boats that basically are kind of like (inaudible) and they're like harvesting the stuff out before it gets too shore. The problem is, once it gets to shore, it can come in a very heavy, it rots very quickly and it stinks. So number one, it prevents people from swimming, the second it smells. But the pictures that we got recently from the situation after the nets went up, it is like night and day. And so we're very encouraged. The second thing is -- this is a seasonal problem. So typically, this lasts for 2 to 3 months of the year and we are right in kind of the main part or the tail end of that. And so once -- fortunately, once the fall comes and the high season comes, that problem goes away for several months and then you see, can come back in the late spring. So I think we're seeing, number one, the end of just the seasonality of the problem, and second, we're being much more proactive working with our neighbors and working with the government to attack it and not let it just accumulate on the beach.

Bennett Smedes Rose - *Citigroup Inc, Research Division - Director and Analyst*

And Bennett, we actually monitor the TripAdvisor ratings and guests comments and you're actually more likely to see guests actually comment on how if the Sargasso gets to the beach, how well and diligently our associates are actually cleaning it up and moving it out of the way to keep the beaches as pristine as possible, particularly in the Cancun area. So I think the guests appreciate that it's not a specific problem to any one location, but that's it's everywhere and that we're doing everything we can to get it out of the way and they appreciate that.

Operator

Your next question comes from the line of Paul Penney of Northland Capital.

Paul Richard Penney - *Northland Capital Markets, Research Division - MD& Senior Research Analyst*

Bruce, could you provide more redevelopment color on your Jamaican efforts in terms of what sort of ADR uplift you're receiving post-redevelopment? And secondarily, can you confirm that you're achieving north of 30% returns on your redevelopment dollars?

Bruce D. Wardinski - *Playa Hotels & Resorts N.V. - Chairman & CEO*

Sure, I'll let Ryan -- Ryan -- I was going to say, Ryan, why don't you handle the number side of that.

Ryan Hymel - *Playa Hotels & Resorts N.V. - Executive VP & CFO*

Yes. And so, Paul, the -- thus far the Jamaica asset that we've done work at was Jamaica. And if you recall, we originally reopened that as a Ziva and Zilara in 2014. We expanded it from 427 rooms to 620. And it was a -- previously a Ritz-Carlton. What we never did is actually redo those Ritz-Carlton rooms. And all we had actually done is kind of refresh the rooms and kind of take away some of the tropical patterns and prints that were previously there. That created this dichotomy where you actually had 2 very different room categories, you had the brand new Ziva and Zilara rooms and then kind of these older rooms, and since that such a popular group destination with a lot of meeting pace, it actually kind of annoyed some of our groups and said like you've got one person staying from Northland Capital in one nice room and somebody in one of the older ones and that became a problem. So we finished those out last year. We spent about $18 million finishing out those rooms. And that hotel did about $16 million in EBITDA last year, and we're forecasting to be well over $20 million this year. And that's even with some of the very, very early year headwinds with that state of emergency in Jamaica. So we're very, very pleased and those are results well ahead of 30%.

Paul Richard Penney - *Northland Capital Markets, Research Division - MD& Senior Research Analyst*

Great. And then maybe for Bruce. Where do you stand on establishing a loyalty program on playa.com? And is this just a near-term or more longer term goal?

Bruce D. Wardinski - *Playa Hotels & Resorts N.V. - Chairman & CEO*

So, Paul, that's a good question. I think a lot of what you will see is -- so with our branding strategies or with outsourcing the branding, each of the brands obviously has their own loyalty program. So we'll participate in benefit from those programs. Second, we will implement, as I mentioned in my comments, a Playa vacation club. And so the vacation club in many ways is kind of a hybrid in our space and all-inclusive to hybrid between what people typically think of from a timeshare perspective or loyalty and so those club members will essentially become kind of a loyalty club to Playa. And then the third initiative that we're doing, which is per se a loyalty club, but it's what the cruise lines also do is -- we work in a very nonaggressive way to rebook our customers for their next vacation. So if you're at one of our resorts, we make it between -- emails and other touch points, we make it very easy for you and we offer some incentives to go ahead and rebook now, and like I said, the cruise lines have done that incredibly efficiently to kind of maintain those customers. So I think you'll see kind of in the pecking order that the 3 kind of initiatives: number one, is participating in the brands, Hyatt, Hilton and others in the future, their programs; second, the implementation of our own vacation club; and then third, these book -- return booking initiative. So that will be kind of how we take on maintaining, retaining as much of our customer business as possible.

Paul Richard Penney - *Northland Capital Markets, Research Division - MD& Senior Research Analyst*

That's very helpful, Bruce. And then last 2 -- just 2 housekeeping items s for Ryan. SG&A went up sequentially on the quarter versus last year when it was down Q2 over Q1. Any drivers there? And then secondly, percent of bookings -- total bookings for the quarter that were from direct channel?

Ryan Hymel - *Playa Hotels & Resorts N.V. - Executive VP & CFO*

Yes. Bookings in the quarter that from -- were from direct was about 16% for the whole portfolio for those that we managed ourselves, so not including the AMRs, it's closer to 19%, so there's a difference between those 2 obviously, because the AMR resorts that are managed and sourced by them all run through their proprietary channels for the most part. SG&A, there's 2 different places that you're looking at this, one on the face of the financials and then one on our earnings release, where we'd assess corporate expense. Corporate expense was about up $600,000 for the quarter, a lot of that just has to do with some new public company costs like internal controls and internal audit and additional legal costs that come along with being a public company. The largest of which, which you see on the face of those financials, we actually elected to actually shift some of our account groupings, not to bore you with all the detail, but under GAAP, you can -- there's a bunch of things like IT licensing cost, bank fees and stuff like that, that can -- under GAAP can actually be put in either direct or SG&A, we thought it's more appropriate to move it under SG&A. It's not a material amount, it doesn't affect the bottom line or anything like that. And again, it's completely fine under GAAP and either one, so we actually moved it to SG&A, so that's actually causing a big swing there, but as a total, it's not really moving, so it's just one bucket to the other.

Operator

Your next question comes from the line of Harry Curtis of Nomura Instinet.

Harry Croyle Curtis - *Nomura Securities Co. Ltd., Research Division - MD and Senior Analyst*

I wanted to focus my question on the direct booking data that you gave and the target that you have. What is the time frame for that target? And when you consider the EBITDA impact, do you think that it will be more revenue-driven or more cost-savings driven?

Bruce D. Wardinski - *Playa Hotels & Resorts N.V. - Chairman & CEO*

Great. Harry. I think when you look at it in the way the accounting works, it basically becomes a combination, but how it will be reported, will be more revenue. Okay? And the reason being is that we report net ADRs. So if you have the same gross ADR to the customer, but you're selling direct in your percentage of cost related to acquiring that direct booking is lower, it's going to translate into a higher net ADR. So you'll see it in the accounting numbers as higher revenue -- higher ADR and higher revenue. And then that will slow down, because the cost has already been deducted in calculating that net ADR, so I think you'll see that. And if you look at our numbers, and Ryan can -- has talked about this, but you've got the ones we don't manage, very, very low direct business, then all of ours that we manage higher and then if you look at the Hyatts, the branded, even higher. So I think the strategy we have of working on the outsourcing branding and working with the major brands is working. And so I'm incredibly bullish, looking forward to 2019, and beyond as to how we can increase the percentage and continue to drive, but where you're going to see it is on the ADR and on the revenue line. And Ryan, if you have anything to add there.

Ryan Hymel - *Playa Hotels & Resorts N.V. - Executive VP & CFO*

No, the only thing I'd add is just sticking with the Hyatt topic, if you look at the Hyatts, not only are they anywhere from 20% to 30% direct, if you add-in groups at Ziva and Zilara, they are -- excuse me, at the 2 Zivas in Cabos and Jamaica, they're actually above 30% when you add-in group, but more just as importantly, the actual reliance on tour operators is far less. It's kind of -- those hotels thus far this year are kind of in the mid-upper 20s percent to low 30% reliance on tour operators, where, take an example, like the Royal, where we've seen rate pressure, it's well under the mid-upper 40s percent. And so, again, all fits with our strategy not just at more Hyatts, but potentially more U.S. branded properties in the future.

Harry Croyle Curtis - *Nomura Securities Co. Ltd., Research Division - MD and Senior Analyst*

And, it's -- the second question is related to the hotels that have more group business. Can you give us more color on the demand trends -- the more recent demand trends? And has that been a positive surprise? Are you seeing -- to what degree are you seeing that momentum carry through to 2019?

Ryan Hymel - *Playa Hotels & Resorts N.V. - Executive VP & CFO*

Yes, I could take that, Bruce. So Jamaica continued to be very strong, it's really just those 2 properties. Jamaica, particularly after what I discussed earlier, we fixed the rooms that we never had finished out, we've seen demand be very, very strong and that should absolutely continue into 2019. Cabos, you had the phenomena of the cancellations in the second half of last year and as we mentioned, we've already doubled our bookings from last year. Again, let's not pat ourselves on the back just yet, because it was off a lower base of lot of cancellations with all the news. But the tentatives of the group, guys would call it, is actually pretty strong. In the second half of the year, just -- it's just the way Cabos works, we tend to book a lot more in the second half of the year. So while we aren't necessarily upping our forecast for that, we actually feel pretty strong that we're going to be able to convert a lot of that tentative business. And that should carry into 2019 there. So at those 2 properties, we're pretty optimistic.

Operator

Your next question comes from the line of Tyler Batory of Janney Capital Markets.

Tyler Anton Batory - *Janney Montgomery Scott LLC, Research Division - VP of Travel, Lodging and Leisure*

So follow-up on the booking engine discussion. Bruce, those statistics, as you said, they're very encouraging, but what's the biggest change versus what you guys were using before that's driving that additional production? I mean, is this the connection of the meta websites or is this just easier for the customer to use? Or is there anything else that's driving the additional room bookings that you saw?

Bruce D. Wardinski - *Playa Hotels & Resorts N.V. - Chairman & CEO*

So that's a great question. A lot of it is the new system we are on, so the Sabre SynXis has a lot more functionality. And then in the near future, we're going to be adding in even more features. So we're not at the endpoint yet, we're kind of at the beginning -- beginning to early points. So number one is the technology, and you're right, connecting into the metasites has been really, really powerful for us. Second is the redesign of our own website, so how we present things. Similarly, you'll see that with Hyatt, if you go on the hyatt.com, they've redesigned for the Ziva and Zilara, so that's incredibly more attractive, and I think it's much more user-friendly. So the combination of the new technology with Sabre or SynXi, then with the changes we've made. And then I think what you'll see the third part, which really hasn't occurred yet, is as we increase our spending on that business, on that channel, where we can drive more business. This is all kind of evolutionary for us, how we have spent our sales and marketing dollars in the past was through different way and now we're going to be allocating more capital to these channels through the technology side, and we just haven't done that. So these numbers I think are even more encouraging when you look at the low spend that we've had. So this has really been more technology-driven than anything else. And we know it's a low base, but that $50 million target I feel is highly achievable. And then once you do that and you have resources and as we've grown and like we did with the Sagicor transaction, just the size of our company and portfolio, gives you just more pure dollars to spend and it's very efficient in order to kind of move yourself up on the search pages in order to do even better. So I'm very bullish about what we can do on our own and then, as Ryan mentioned, when you look at results 30-plus percent for the Hyatts and as we go into the Hilton that has even 7x the number of frequent stay numbers, you really start to see the benefits of our strategy both on the booking side and on the branding side.

Tyler Anton Batory - *Janney Montgomery Scott LLC, Research Division - VP of Travel, Lodging and Leisure*

Okay, great, that's helpful. And then I want to ask about the Panama Jack properties. Ryan, can you remind us when exactly you started those renovations in 2017? So when the comp starts to get really easy and then any additional color you can sell -- share on the ramp there as far as forward lookings and what not?

Ryan Hymel - *Playa Hotels & Resorts N.V. - Executive VP & CFO*

Yes, it's a great question. The lion's share of the work began at the very tail end of September, but it's -- for most part, it's fourth quarter. Let me give you a couple of extra statistics on booking. We are cautiously optimistic that we are starting to turn the corner here. As you said that we're not going to pat ourselves on the back, fourth quarter should be an easy comp. But just in the last kind of 3 to 4 weeks, the Panama Jack Cancun picked up 3 to 5 points of occupancy for August and September. Now for the first time that resort is now ahead of pace of prior year through October and November. Again, some of that has to do with renovations, some of it has to do with that we're just finally starting to king of get out of the woods a little bit of this property. Again, it's early, but it's a good -- very good signal. And the Panama Jack Playa del Carmen along with the other Playa del Carmen assets are actually set to close out July to over 90% occupancy, which is something we haven't seen since February. And the Playa del Carmen Panama Jack actually added 2 to 5 points of occupancy from August through November, which is kind of putting us in that sweet spot we can really start to yield manage effectively. And it's something that we haven't really been able to do thus far this year given all the different headwinds, but it's we've been essentially more of a price taker than a price giver, and so we're hoping that starts to turn. So things are starting to cautiously look better, but we -- I'm just as big of a not a skeptic, but somebody really wants to see the proof in the numbers and so I'm really going to continue to monitor this over the next couple of quarters and hopefully, in Q3 and then obviously in Q4, we'll have some really great results to report for you guys.

Operator

(Operator Instructions)

Bruce D. Wardinski - *Playa Hotels & Resorts N.V. - Chairman & CEO*

I think -- that's everybody -- that we should -- that should be everybody Mikey.

Operator

All right, sir.

Bruce D. Wardinski - *Playa Hotels & Resorts N.V. - Chairman & CEO*

Okay, great. Well, thank you, again, everybody, for participating. We've got a lot of stuff going on, and I think you are definitely going to hear back from us before the third quarter call. So we look forward to sharing news with you, hopefully in the near future. So take care. Thanks, everybody.

Operator

This concludes today's conference call. You may now disconnect.
