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PLYA.OQ - Q1 2017 Playa Hotels & Resorts NV Earnings Call

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PRESENTATION

Operator

Good morning. My name is Christy, and I will be your conference operator today. At this time I would like to welcome everyone to the 2017 Q1 Playa Hotel Earnings Call. All lines have been placed on mute to prevent any background noise.

After the speakers' remarks, there will be question-and-answer session.

(Operator Instructions).

I would now like to turn the call to Ryan Hymel. Please go ahead.

Ryan Hymel - *Playa Hotels & Resorts NV - SVP, Treasurer*

Thank you, Christy. Good afternoon, everyone, and welcome to Playa's 2017 first quarter earnings call. I know it's a very busy earnings day for everyone so I appreciate you taking the time to be with us.

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 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 in our most recent filing.

We've updated our Investor Relations website at investors.playa.resorts.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 U.S. GAAP located in our press releases.

On today's call, Bruce Wardinski, Playa's Chairman and CEO, will provide an overview of the current operating environment and outlook, discuss key operational highlights of the quarter, and then I will address our Q1 results and other financial matters for the Company.

With that, I'll turn the call over to Bruce Wardinski.

Bruce Wardinski - *Playa Hotels & Resorts NV - CEO, Chairman*

Great. Thanks, Ryan. Good afternoon and thanks to everyone for joining us today. It's a pleasure always talking about the Company and particularly enjoyable after having a great quarter like we had in the first quarter.

So, as many of you are aware, our first quarter is the most important period of the year. It contains the vast majority of our high season, and a positive first quarter sets the tone for the rest of the year.

It's based on this that we're pleased to announce that we had a phenomenal first quarter led by strong increases in net package RevPAR of 8.4% and an increase of adjusted EBITDA of 11.4%. This excellent first quarter performance is a result of continued successful execution of our strategy - one, focus on driving higher occupancies and package rates across our portfolio, and in particular, at our recently repositioned and still ramping resorts; two, maximizing non-package revenue which increased over 20% in the quarter; and, three, a focus on cost controls across all of our properties which resulted in resort EBITDA margin improvement of 120 basis points.

These results are particularly impressive when you consider that the results faced a tough comp period from last year, which included the benefit of the Easter holiday in Q1 of 2016. As a reminder, Easter shifted into mid-April in 2017 but occurred on March 27 in 2016. Easter in our business basically ends the unofficial end to our high season; and while having the holiday later in the year - and having the holiday later in the year is a big benefit to Playa. It can also make comparing quarters difficult when the holiday shifts between quarters like it did this year. Even with this tougher comp, we were able to significantly outperform the prior year, and we're really pleased with that.

For the quarter, the key operational highlights include - our recently redeveloped assets continued to ramp and perform very well; Hyatt Ziva Cancun, Los Cabos and Puerto Vallarta all outperformed our expectations, and Ziva Zilara, Rose Hall is successfully implementing the strategy that continues to build occupancy, which we discussed last quarter. We have finalized our development capex plans for 2017 at our existing portfolio; we expect to spend approximately $40 to $45 million in development capex to finish out the renovation of all the old Ritz-Carlton rooms in Jamaica, to convert Gran Caribe and Gran Porto to the Panama Jack brand by the end of November. These conversions for the Panama Jack would include refresh room concepts and updated public spaces.

As you probably recall from previous conversations we've had, neither of these resorts really do any meaningful direct business, so creating a memorable brand in one that's consumer-facing like Panama Jack will go a long way to driving direct and repeat business.

Another project - we will be renovating the 86 preferred tower rooms in Puerto Vallarta. And these are premium rooms so we think we're going to be able to generate significant ROI from this investment. And then, finally, we're going to complete renovations at Zilara Cancun, including a redesigned lobby, newly constructed spa and a major renovation repositioning of our seven Presidential Suites.

A future project will be a significant renovation and potential rebranding of the Royal in Playa del Carmen. We are still working on the scope and timing of that work, and this project could end up increasing our capex spending later this year; but most likely, that project is going to be a 2018 project. As we've said before, the attractive financial impact of all of these investments will be felt in 2018 and beyond.

Our sales and marketing teams, along with the help of TPG and their industry partners, have begun planning and strategizing on ways to execute our direct to consumer strategy to lower Playa's cost of distribution. While we're still early in this process, we've made a number of positive moves, and I think we're going to start seeing the benefit of that coming later in this year.

And, finally, our acquisition and development pipeline remains very active and robust; and I'm enthusiastic that we will find some attractive assets to add to our existing portfolio. And I hope that announcement is going to come out sooner rather than later, but I think that could be really positive news for the Company.

With that, I'll turn it over to Ryan to talk about our Q1 2017 results.

Ryan Hymel - *Playa Hotels & Resorts NV - SVP, Treasurer*

Thank you, Bruce. As Bruce mentioned, during the first quarter we focused on the following strategic initiatives - improving RevPAR across all of our segments through occupancy and package rates; increasing high margin non-package incremental spend at the properties in [flexing] operational cost increased resort EBITDA and associated margins.

So, with that, I'm pleased to report our resorts performed very well, again without the benefit of the Easter holiday, and achieved net package RevPAR growth of 8.4%. This is driven by average occupancy increase of 510 basis points, and an net package ADR growth of 2%. Our non-package revenue increased over 20% over prior year, which was a big focus for us and our operating partners this year; and this all led to a increase in total net revenue of 8.7% year-over-year. Adjusted EBITDA was $74.5 million, an increase of 11.4% over the prior year, and adjusted EBITDA margin increased 110 basis points to 43.7%. Our Hyatt properties performed particularly well this quarter, achieving net package RevPAR growth of 19.2%, ADR growth 4.2% and resort EBITDA growth of 28.8%.

So I'd like to briefly review our operational segments and provide a little bit of additional color for those markets. Starting with the Yucatan, our results in the Yucatan Peninsula achieved net package RevPAR growth 14.3%. This was driven by ADR growth of 5.3%, a 710 basis point increase in occupancy.

With the exception of Gran Porto, all of our results in the region had significant increases in RevPAR; and the Gran Porto - the main reason it was down is because its competitive setting includes lower tier category resorts which experienced significant rate discounting in the period. This is just one of the many reasons we're excited to convert this property over to Panama Jack to bring it up to the next level and drive more direct business. But, again, a great top line improvement at all of our hotels other than that one in the Yucatan.

Resort EBITDA there was $43.1 million, which represents an increase of 18.3% over the prior year, and a 250 basis point increase in resort EBITDA margin to 53.3%. Again, all assets except for Gran Porto experienced increases in resort EBITDA.

The Pacific coast was a phenomenal quarter for those two hotels. Both Las Cabos and Puerto Vallarta experienced strong RevPAR growth at a title 19.7%, ADR growth of 6.6% and an increase of average occupancy to 840 basis points to just under 78%. Resort EBITDA was $14.3 million in the period, which is a 27.2% over the prior year; and, again, a solid increase in EBITDA margin up to just over 50%.

In particular, I want to point out that Hyatt Ziva Puerto Vallarta has experienced a very strong demand from local high end Mexican guests that, given some of the shifts in the rhetoric within the United States, would have typically traveled elsewhere, in particular the United States, so we've actually benefited from a lot of those customers - high end Hyatt staying customers staying in market. And that bodes well for the coming months at that resort and throughout the summer, so we're expecting some great returns at that hotel.

Then the Caribbean. Our resorts in the Caribbean had a decrease of net package RevPAR of 2.5%. Giving a little more color here - that was driven by a decrease in net package ADR of 4.4% due to the strategic decision to build and promote occupancy at a few of our resorts there, particularly at our Hyatt Ziva and Zilara Rose Hall, whose occupancy did increase about 500 basis points, which we're pleased with.

At that hotel in particular, 2016 was a good start and we've got more progress to make. And we finished 2016 with an occupancy of around 65%. And it's, again, a good start, but that's not sufficient for us and it makes managing during the low season much more difficult. And [so far], that's a good goal; we'd like to see this resort achieve full year occupancy of about 75%; and so we're in the process of building a better base and a better book of business in order to achieve that goal.

The other main driver of package ADR decline was incremental softness at our DR properties, particularly Palm Beach and Punta Cana; those are both managed by AMR and they're still experiencing some rate pressure from guests originating out of Europe and the U.K. After some recent meetings with them, we're actually pretty optimistic, though, about the forward booking and the forward trends for the second quarter into the summer; and we expect we should be able to recoup some of those declines in the coming months. So, again, we're very confident about the summer for the Caribbean.

Switching over quickly to the balance sheet. As of the quarter end, we had $134 million of cash and equivalents on the balance sheet; and that does not include about $10 of restricted cash. Interest bearing debt for the quarter was just under $837 million, and that's comprised of our old term loan and $475 million of senior notes.

On our last call, we mentioned we were actively working to refinance our term loan and we are exploring options to call some of our notes; and so we are very, very pleased to report that on April 27, we closed and refinanced a new amended and restated senior secured credit facility which is consisting of a new $530 million term loan priced at L plus $300, with OID of 99.75, and a new revolver upsize to $100 million. The proceeds received from the new term loan were used to repay our existing term loan and call $115 million of our senior notes due in 2020; so there's still $360 million remaining on the balance sheet. The remaining cash after deal fees and expenses was added to the balance sheet; and that's roughly $30 million that came on again.

This all happened after the quarter. And so this refinancing lowers our annualized interest expense by roughly $2 million, and pro forma net debt as of March 31 for this transaction is about $723 million.

I also wanted to mention in the future, in our supplemental disclosures, we plan on providing adjustments to net debt for development capex spending at Cap Cana to facilitate better visibility on this growth investment. As we've discussed in the past, we're still in the final designing budgeting phase and, therefore, have not spent anything material on this project; but as we begin to do so, we'll adjust for that spending on a go forward basis. And this is something many of you have required for me about your models, and we wanted to be able to provide you that information. So be on the lookout for that in subsequent quarters.

And so, with that, I'll turn it back over to Bruce.

Bruce Wardinski - *Playa Hotels & Resorts NV - CEO, Chairman*

Great. Thanks, Ryan. In summary, we had a great quarter with these results. We feel highly confident in reaffirming our EBITDA guidance for the year of $180 million. We also believe we have a great market opportunity, and it's what we've been saying to all of our investors and potential investors. We have a war chest to make some more investments. We have a great differentiated set of brand, services, [resorts] that should allow us to maintain strong growth rates and expand our margins.

We finished 2016 with strong momentum to position us for a great year in 2017, our first as a public company.

We've been really pleased to see the investor interest in Playa, and we will endeavor to continue our investor outreach and education [to] allow a greater understanding of the really unique position that we have in the leisure sector, being the only publicly traded all-inclusive company. And we intend to capitalize on the very attractive investment opportunities that we see out in front of us.

So we're excited where we are really pleased with how the quarter went. We're happy about the progress we're making on a number of fronts operationally and on the investment side - potential acquisitions.

So, with that, we can open it up to questions that you might have.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Harry Curtis, Nomura.

Harry Curtis - *Nomura Group - Analyst*

Good afternoon, everyone. Two quick questions. The first one is if you could give us some sense of your expectations for the impact that Panama Jack is going to have. Maybe compare it - and I don't know if this is completely fair - but compare it to the success that you've had in using the Hyatt brand. Hyatt does have a broader distribution platform, so what kind of expectation should we expect given that differential?

Bruce Wardinski - *Playa Hotels & Resorts NV - CEO, Chairman*

Thanks, Harry. With Panama Jack, it's going - to your point, it is going to take longer than Hyatt. Obviously, Hyatt is an established hotel company, hotel brand with the infrastructure necessary to sell their brand. And so when we put the Hyatt name on it, when we did the first one in Cancun, Hyatt Zilara, nobody - I mean, to be honest, knew what the heck a Hyatt Zilara was, but they all did know what Hyatt was. And so that gave you the credibility of being a strategic partner with Hyatt and the fact that Hyatt had invested in the Company. So I think from the consumer standpoint that was able to move a little quicker.

With Panama Jack, we're not really going to see any impact this year because we're not going to finish the work until the end of November. And then as we roll out the sales and marketing effort, our goal is to start to feel the impact in the high season of 2018, which I think we will; but it's going to be a little more of a gradual climb than what we experienced with Hyatt.

I don't want to say we're not bullish about it, Harry, because we are. And part of the reason is that we are starting from such a low base. I mean, essentially, Gran Caribe and Gran Porto do zero percent direct business; so if we get that up to half of what the Hyatts are for 2018, it'd be 10%, 12%, 13% kind of number, that's going to be significant because we'll have the cost savings from being able to sell direct.

So I think to have a long answer to your question is I think it's going to be very positive; think it's going to allow us to go directly to the consumer; and it's going to be a brand that's going to resonate well; but it will be a little longer of a ramp than we experienced with the Hyatt. And, even so, with Hyatt, we still have room to grow and we're pushing that and we and Hyatt are working together in order to continue to improve those numbers.

Harry Curtis - *Nomura Group - Analyst*

That is helpful. And I did have one quick follow-up, which is do you have any early indication of your pace in pricing for next year?

Bruce Wardinski - *Playa Hotels & Resorts NV - CEO, Chairman*

I think maybe, Ryan, you can take that one.

Ryan Hymel - *Playa Hotels & Resorts NV - SVP, Treasurer*

Yes. Are you talking just at the Caribe resorts or across the board?

Harry Curtis - *Nomura Group - Analyst*

No. Across the board.

Ryan Hymel - *Playa Hotels & Resorts NV - SVP, Treasurer*

Yes. Across the board. So we have visibility out. Our best visibility is the next three months out, so we've got good visibility out through June, and now with the April results starting to roll in, booking pace at all of our hotels, in particularly in occupancy, is up. The only softness we have is in Q3 in the AMR managed assets. But as I said earlier, we're actually pretty bullish about our ability to recoup that and build up. We're starting with the strategy with building a base of business and then yield managing up from there; and it's been successful for us in the past.

Beyond 2017, we're not prepared to comment, though.

Harry Curtis - *Nomura Group - Analyst*

OK. We'll leave it at that. Thank you very much.

Ryan Hymel - *Playa Hotels & Resorts NV - SVP, Treasurer*

Thanks, Harry.

Operator

[Bill Rhodes], Citi.

Bill Rhodes - *Citigroup - Analyst*

Hi. Thank you. You've mentioned in your opening remarks that you might potentially rebrand and the Royal Playa del Carmen. Is that to Panama Jack or would that be for another brand?

Bruce Wardinski - *Playa Hotels & Resorts NV - CEO, Chairman*

No. That would definitely be for another brand. That's a very high end property; it's adults only high end property, and so that would at a higher level brand.

Bill Rhodes - *Citigroup - Analyst*

So would that be with Hyatt, or just it would just be a new brand that you don't have now?

Bruce Wardinski - *Playa Hotels & Resorts NV - CEO, Chairman*

No. You know, Hyatt would obviously be one of the options - one of the preferred options.

Bill Rhodes - *Citigroup - Analyst*

OK. OK. Great. And then I just wanted to ask you - last quarter you had mentioned some new supply that impacted you and Playa del Carmen. I was just wondering, is there any new supply on the horizon that would be competitive to your resorts and that opens over the course of the year that we should be aware of?

Bruce Wardinski - *Playa Hotels & Resorts NV - CEO, Chairman*

No. I think in the Riviera Maya Cancun market - no, there's nothing significant there. There is a project going in up in Playa Mujeres which is north of Cancun. It's a higher end market, but I'm not even sure that's going to open this year. But that market - I think, there's significant which shouldn't be able to be easily absorbed. In Puerto Vallarta - no, nothing; and similarly in Los Cabos. Los Cabos is a little different kind of market because there are some really high end projects on the books, but they don't compete with us and they really - that's a different segment that competes against itself and doesn't impact us so much.

But I think in Mexico - no. There is some new development that's come on in the Dominican that's probably impacting a little bit the pricing there; but that's, again, not overly significant given the size of that market. In Jamaica, there's nothing overly significant there coming in the near future.

Bill Rhodes - *Citigroup - Analyst*

All right. That's helpful. Thank you.

Bruce Wardinski - *Playa Hotels & Resorts NV - CEO, Chairman*

Great. Thanks, (Inaudible).

Operator

Chris Woronka, Deutsche Bank.

Chris Woronka - *Deutsche Bank - Analyst*

Good afternoon, guys. Bruce, I think you mentioned in the prepared comments you refer to something on the expansionary front; and I want to clarify if that was Cap Cana or something else that you were working on?

Bruce Wardinski - *Playa Hotels & Resorts NV - CEO, Chairman*

No, no. That was something else, Chris; but it's good that you bring up Cap Cana. So with Cap Cana, we've been working, as Ryan said, very hard on the design and on the budget, and we've made great progress there. So the plan is to take down the land and begin construction early in the third quarter; so we're excited to get that project going. And, like I said, we've really done a whole lot of work over the last six to 12 months, so we're in good shape with permits, approvals, construction design, et cetera. So that's that.

Then, what I was alluding to is - it goes back to our investment thesis that we're in a highly fragmented industry that's dominated by family owner-operator companies. And so both before the deal and after the deal, we've been out there talking to people and we have gotten a lot of interest, I think - you know, Playa now being a publicly traded company with stock as a potential currency. And then, just honestly, having an earnings call and having other things. This is new to our business, this segment, the all-inclusive segment. And so I think people are very interested in Playa. But we are working a handful of things and I'm hopeful that we can get something to conclusion and be able to announce it because I really believe that's a great lever for driving value. If you look at what we did with Real resorts where we bought them at a very attractive EBITDA multiple and then we rebrand the assets, increased EBITDA dramatically, put in some investment and drive that forward. And that's really the kind of thesis that we have for doing it.

The way I look at it is we look for assets that are under-branded, under-managed and under-invested; and that's the kind of stuff we're focused on. And so that way, what we bring to the table the brands - with Hyatt, with Panama Jack - with the ability to improve operations, improve how we sell, improve the profitability - we're much more sophisticated than most of these companies are.

And then, finally, now with access to capital, cash on the balance sheet as well as the ability to access capital in order to put money in to improve these properties. That's what I was alluding to. And I can tell you I'm highly, highly focused on that and I'm really excited that, hopefully soon, we'll be able to be talking about something concrete.

Chris Woronka - *Deutsche Bank - Analyst*

Yes. It sounds great. As we think about Cancun, and specifically, I guess, the Ziva there, you had a great quarter there. How much of that is still maybe a little bit of post-renovation lift versus just growth? Do you have any sense for how that breaks down?

Bruce Wardinski - *Playa Hotels & Resorts NV - CEO, Chairman*

If you think about it - and it's what we've always said, in our business - especially when you have high seasons because the high season comes and then you have to wait another eight months till the high season comes - you're dealing with different customers and different markets throughout the year, so you have to take that in perspective. So I believe that when we do a project, we should get a three-year ramp. So I look at Hyatt Ziva Cancun that's saying we're a solid number of two - year number two of the three-year ramp. So I think we're going to get another good ramp.

How do you break it down between what's just inherent growth and what comes from it? It's a little hard to say exactly. But I can tell you there's a lot more value to be driven out of that. OK. We have focused on getting the brand. Year one is getting the brand, the hotel, known to the customer. We do that. You have to have introductory rates, you have to have [fam] trips, et cetera. This year we're definitely focused on increasing the ADR but, more importantly, increasing the occupancy, which you saw in the quarter. And then going into next year, that allows you to start being able to yield more - because I can tell you, there is definitely more rate potential at Hyatt Ziva Cancun, in Jamaica, in the redeveloped properties; so that's a, kind of, three-year process.

Now, all of that you have to put within the competitive dynamic of that asset in the Cancun market. Hyatt Ziva Cancun - and this is my opinion, and it's a biased opinion - but I believe is by far the best all ages resort in the Cancun market. And I would even stretch it down to Riviera Maya. So that's a huge market and is being recognized by guests with our ratings and with the rates they're willing to pay; and I think we're going to be able to continue to push rates into 2018, into 2019 as people realize that it's a far superior product and experience than our competition.

Chris Woronka - *Deutsche Bank - Analyst*

That's great color. Thanks, Bruce.

Bruce Wardinski - *Playa Hotels & Resorts NV - CEO, Chairman*

Thanks a lot, Chris.

Operator

Paul Penney, Northland.

Paul Penney - *Northland Securities - Analyst*

Hey, Bruce and Ryan. Just going back to the deal pipeline, are there geographies that offer better relative opportunities today? And are sellers' expectations realistic?

Bruce Wardinski - *Playa Hotels & Resorts NV - CEO, Chairman*

I'd say, first of all, with the geography we are focused on the markets we're in and we're focused with a couple, two, three other markets within the greater region. OK. So those are, kind of, the markets. As far as is one market easier or more attractive than the other? No, because I'd say each situation is unique.

And the deals we're talking about primarily off-market transactions with families. And because of that, I'd say the dynamic is different than if it was owned by some institutional guy who they've hired a well-known firm to market it to a broad audience. That's not what we're talking about. OK. So these things are family-owned resorts and we have the dynamics to go in there and work on them.

And as far as what the price expectations are, again, it kind of goes to how we think we can drive more value out of what we get. Take Resort X, and say Resort X is doing $8 million of EBITDA. We believe that if we went in there and professionally managed it without anything else, we could probably drive another couple million to three million; so you go from $8 million up to $10 to $11 million of EBITDA. Then, what we like to do, is focus on, OK, what other value can be created at that asset; that's where the brand comes in. That's where some investment comes in.

And whether we're doing a Hyatt property or a Panama Jack or a future new brand, we're really disciplined in how much money we will spend in order to get that value. So if you look at our past deals, on our deals, we shoot for high teens to low twenties for our ROIs on our deals. And some of the smaller ones have been up in the thirties. So while we're not going to guarantee we'll be in 30, if we can get things that are in the twenties, that's a lot of value to be created; and I think it comes from the ability to rebrand, the ability to take over and put in professional management and plug it into our system, and the ability to make smart improvements in investment. And that includes - like one we're looking at - we have the ability to add another 150 rooms. Well, adding just rooms - and when we would add rooms, we'd probably add a restaurant, too - but that's really value-creating because you don't need all the infrastructure that the hotel already has; you're just adding where you're driving more revenue and profitability.

And when we're talking with them about the approval, how difficult they thought it would be to get approval, they're like, "Wow, we never even thought of that." That's the kind of universe we're in. So probably shouldn't even have brought it up with them, but that has a different dynamic because they're going to price off of that original trailing EBITDA. So even if they want to higher multiple off that, that I think is going - when it translates into the EBITDA we can drive, is going to come across looking really attractive to us.

Ryan Hymel - *Playa Hotels & Resorts NV - SVP, Treasurer*

And, Paul, if you look back the Real Resorts acquisition that Bruce referenced, we bought that on trailing 2013 results, and that was just under a nine times trailing EBITDA. On 2016 numbers, EBITDA increased 60%; and so it's about a 5.6, 5.7 times on 2016. We did not spend significant dollars renovating anything; we did take one of the resorts, converted it to a Hyatt Zilara. But, really, that's just putting in professional management from Florida and putting in a professional sales and marketing team. We did not spend a lot of money there, and the results are there for us.

Bruce Wardinski - *Playa Hotels & Resorts NV - CEO, Chairman*

And that's what makes us excited about being able to grow in this space, and why we're happy to be a public company and we're happy to hopefully be announcing things soon.

Paul Penney - *Northland Securities - Analyst*

That's all great color. One last one, guys. On the direct strategy, can you push rank some of your near term efforts in the transition to more direct?

Bruce Wardinski - *Playa Hotels & Resorts NV - CEO, Chairman*

Yes. We're spending a lot of time on our website. Just to be clear, we've got a long way to go. We're seeing a lot more increases on the conversion rate through our website; putting in some pricing widgets, comparisons, things that customers - reasons that we were losing customers to other websites. We're building on website now. The next steps that are more near term are, kind of, key word search buys to drive more traffic there.

And then, also as we've discussed in the past, continuing to work with Hyatt with their website because they drive high teens direct business to their hotels; but we still lose guest to when there's package airfare. That's such a big component for us, and so many of the guests want a packaged airfare, so they go on Hyatt and they go on our website. And then in the past, we've lost them to an Expedia Air Priceline or somewhere else. So we're still working with Hyatt and making fixes to our own website to ...

Bruce Wardinski - *Playa Hotels & Resorts NV - CEO, Chairman*

And then with Hyatt, we're also working with the World of Hyatt, which is their new frequent stay program which they've made some great enhancements and improvements to. And we're really trying to work with them in order to get what is Hyatt Ziva, what is Hyatt Zilara out to the Hyatt customer because today we still have penetrated a very small universe of those premier Hyatt customers; and we're trying to really get more and more exposure to them because that's where it's going to come. The Hyatt brand is going to come out of that universe of customer.

Paul Penney - *Northland Securities - Analyst*

Thanks, guys.

Bruce Wardinski - *Playa Hotels & Resorts NV - CEO, Chairman*

Great. Thanks, Paul.

Operator

There are no further questions at this time.

Bruce Wardinski - *Playa Hotels & Resorts NV - CEO, Chairman*

Great. Well, thank you again, everybody, for joining us on the call today. We're just really pleased with how things have started out this year. So our goal as a company and as a management team was to make 2017 our first year as public company an exceptionally strong year. We think we've had a great start. The first quarter, as we said at the beginning of the call, is the most critical quarter for us, so we're really happy to have this in the books. And I think you're going to be excited when we get back on a call in three months and hopefully have more great news to report, and hopefully some acquisitions and other momentum from the company.

So we're excited. We appreciate your interest in us as investors and look forward to continuing to grow this company. Thank you very much.

Operator

Ladies and gentlemen, this does conclude today's 2017 Q1 Playa Hotel earnings call. You may disconnect at this time.
