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PRESENTATION

Operator

Good morning. My name is Heidi, and I will be your conference operator today. At this time, I would like to welcome everyone to the second quarter earnings conference call. (Operator Instructions)

Ryan Hymel, you may begin your conference.

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

Thank you very, very much, Heidi. Good morning, everyone, and welcome to Playa Hotels & Resorts Second Quarter 2019 Earnings Conference 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 discussion of some of the factors that could cause our actual results to differ, please review the Risk Factors section of our annual report on Form 10-K, which we filed at the end of February with the Securities and Exchange Commission. We've updated our Investor Relations website, at investors.playaresorts.com, with today's presentation and recent releases.

In addition, a reconciliation to GAAP of the non-GAAP financial measures we discuss on this call were included in yesterday's press release.

On today's call, Bruce Wardinski, Playa's Chairman and Chief Executive Officer, will provide some comments on the second quarter and key operational highlights. I will then address our second quarter results and the 2019 outlook. Bruce will then wrap up the call with some concluding remarks before we turn it over to Q&A.

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

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

Great. Thanks, Ryan. Good morning, everyone, and thanks for joining us. We appreciate your interest in Playa.

I'll begin today by giving some high-level thoughts on the operating environment, reviewing several of our second quarter strategic accomplishments and only briefly update our progress on our vision and goals to allow for as much time as possible to address your questions. I'll then turn the call over to Ryan to discuss our second quarter results and our 2019 outlook in detail. Then, I will briefly touch on our strategy and capital allocation priorities before turning to the Q&A.

We are just 3 short months away from the highly anticipated grand opening of our flagship 750-room Hyatt Ziva and Hyatt Zilara Cap

Cana and the unveilings of our 3 newly remodeled and rebranded Hilton all-inclusive resorts, totaling over 1,200 rooms. All of the projects remain on-time, on-budget, and the level of customer engagement from both the Hyatt and Hilton systems is outstanding.

Our second quarter can be best described as a tale of 2 periods. The aid of the Easter shift, strong group performance in the Pacific, careful property-level margin management in the Dominican Republic and robust trends in Jamaica all contributed to EBITDA coming in above our expectations, with healthy operating momentum as we set our focus on our transformational property openings in November.

Then, there was the month of June in the Dominican Republic, of which you all are no doubt aware, which I will let Ryan address in more detail shortly, but I would like to make some brief comments on the matter. One, we have not had any mysterious deaths at any of our properties. And two, we are optimistic that these events will lead to the outperformance of brands over the long run in these markets, given the supply chain controls, et cetera.

Returning to the second quarter, the positive contributors to the upside in the quarter were, first, better-than-expected RevPAR and margin management at Los Cabos; second, better-than-expected RevPAR and flow-through in Jamaica; third, excellent margin management at Ziva Cancun. On the other side of the ledger, as we expected, the Yucatan experienced continued declines.

We are making great strides on our 2019 strategic plan, focused on the 4 pillars of, one, organic growth plus 3 high-return investment projects; two, asset-light development deals; three, management contracts; and four, share repurchases. Our progress on these pillars point toward a record 2020, with a sharp inflection to substantially positive free cash flow as EBITDA step-functions higher and leverage declines rapidly.

On the share repurchase front, during the second quarter we repurchased approximately 305,000 shares outstanding at an average price of $7.88 per share, for $2.4 million. Between July 1 and August 1, we repurchased an additional 361,000 shares at an average price of $7.51. Since program inception, we have repurchased a total of 911,000 shares at an average price of $7.63.

The repurchase program affords us the opportunity to increase our ownership in our owned portfolio of high-quality assets through our shares, which in our view are trading well below intrinsic value. And obviously, today it's even lower. It's consistent with our strategic and capital deployment priorities to invest in undervalued assets in prime beachfront locations where we can leverage our scale, expertise and brand partnerships to excite and delight our guests and improve shareholder returns. And we'll provide some further thoughts on our stock and value creation opportunities shortly.

2019 is a heavy investment year for Playa, but 2020 should see us recoup the lost EBITDA from construction disruption and layer on incremental organic EBITDA for outsize growth in 2020 and beyond.

Many have asked what our priorities will be for our free cash flow in 2020. While there are a number of factors that will ultimately influence that decision, including our pipeline of potential branded hotel deals, our share price, the macroeconomic backdrop and its influence on tourism and travel and our outlook for fundamental performance in each of our regions, the keys here are optionality, flexibility and, most importantly, the risk weighting of uses of cash versus buying stock at this compelling valuation. At current levels, it's hard to see a more compelling use of cash than buying our stock, and I can tell you that would absolutely be the focus as we go forward into the next year.

We're extremely bullish on our internal and external long-term growth prospects. But as I have said many times before, should our shares continue to trade well below our view of intrinsic value, beginning in 2020 share repurchases alone have the power to be transformative for investors, given the relative size of our base-case scenario of free cash flow to our average daily trading volume and float and the $93.1 million outstanding on our share repurchase authorization.

There is a key nuance in that statement that I would like to highlight, and that is "base case." Ryan is going to provide some helpful color on the Dominican Republic shortly to help you fine tune your forecasts, but I want to stress that we are confident that it is reasonable for us to assume that we will have a material amount of free cash flow in 2020, even accounting for the fact that there will be some lingering impact from the negative PR that has impacted results in the Dominican.

The bottom line is that we remain very confident in the future cash flows and intrinsic value of the assets and, therefore, are prepared to put our money behind this confidence by repurchasing shares and owning more of the assets at an attractive valuation. I will touch on the topic of asset allocation again shortly.

On the technology front, the launch of our targeted upsell technology, our new yield management system, our travel agent portal and our book-direct initiatives are all aimed at improving the customer experience and lowering our customer acquisition cost, and all are meeting or exceeding expectation and building momentum.

Again in the interest of time, I will only briefly touch on our technology initiatives, but trust that all are progressing as planned. Tangible evidence of our progress is visible in our direct-booking growth. In aggregate, during the second quarter of 2019, 23.3% of our Playa-managed, room nights stayed were direct, up 760 basis points year-over-year, and 30.2% of room nights booked were direct, up 1,150 basis points year-over-year.

We are incredibly encouraged that even as the direct penetration is increasing, our rate of growth is actually accelerating compared to the year-over-year gain reported last quarter. We are confident that we are on target with our 5-year plan to increase consumer-direct business to our goal of at least 50% by 2023.

Partnering with globally recognized U.S. brands is key to driving the highest-value guest at the lowest possible cost to our resorts, by reducing customer acquisition costs, increasing our total addressable market, mitigating the impact of supply growth and minimizing the negative effects of competition.

At our Hilton- and Hyatt-branded properties we are seeing strong increases in direct bookings as well as more group business. Specifically related to group, the Hyatt Ziva and Zilara Cap Cana is a very strategic asset for Playa. All-inclusive resorts of this caliber with meeting space to handle large incentive groups in a destination like Punta Cana should do incredibly well and will serve to boost bookings at our other group properties, the Hyatt Ziva Los Cabos, the Hyatt Ziva and Hyatt Zilara Rose Hall and, to a certain extent, the Hyatt Ziva Cancun, as we will now be able to fulfill meeting planners' 3-year rotation cycle all in-house without them having to go outside our portfolio to provide the variety of destinations their clients seek.

As expected and as we've previously discussed, Q1 2019 marked the low point for group business at Hyatt Ziva Los Cabos, as that hotel showed strong growth in the second quarter. As a reminder, during our last call we mentioned that we no longer expect a record 2020 at the Cabo property due to disruptive introductory pricing offered by new properties. Despite this, we expect healthy RevPAR growth in Los Cabos in Q3. And looking out to 2020, nice business on the books plus advanced-negotiation group business in the pipeline at the end of the second quarter should translate to modestly positive RevPAR growth.

For the portfolio as a whole, our MICE business booked for all future periods is up mid-single digits year-to-date versus the same time last year.

As you may recall, in early March we began the soft rollout of a new end-to-end upsell and rebook technology at selected resorts, which uses sophisticated algorithms to identify in real time new revenue opportunities via the sale of ancillary items and additional room packages to offer to a particular guest. We are now live with this new technology at all of our resorts in Mexico and 4 of our resorts in Jamaica with the rooms upgrade component of the system and will be rolling it out to the remaining Jamaican resorts and the Dominican Republic during Q3.

So as you think about the future drivers of EBITDA and guest satisfaction that will come from our new technology, they are as follows. One, we will be able to accept more of the room upgrade bids as we move further back through the booking window and enter a seasonally slower period of the year. Two, we will be rolling out the system to the Dominican Republic during Q3. Three, by the end of the third quarter we will expand the advanced sales offerings to include airport transfers. Ultimately, we expect these nonpackage revenues to be at least as large as the rooms upsell piece. And finally, four, we launched the service and technology after the peak sales season. So the growth we expect to see won't reach its estimated steady state until Winter 2020.

During the first quarter we launched the next evolution of the Playa Resorts website, which contains a travel agent portal on which travel agents can now make commissioned reservations directly on playaresorts.com without having to go through a tour and travel operator. This effectively removes an additional layer of cost that previously existed, saving Playa roughly 7% to 9% in commissions per booking, while at the same time maintaining the economics for the travel agent on a basic booking and improving the economics in the case of upsells or prebooked ancillary revenues.

As of July 1, playaresorts.com is pacing ahead of our expectations, with $45.5 million of gross revenues on the books for 2019 versus $5.7 million in 2018. For 2020, playaresorts.com has $4.5 million of gross revenue on the books for [2019], versus $238,000 during the same period last year.

We are live with the ability to book hotel rooms and are in the process of negotiating a solution for bundling air and of course all the ancillary services we mentioned earlier. To date, the bookings have been in line with our modest expectations, as in our view the real growth potential will be felt in late 2019 and 2020 during the high season once agents can book a commissionable end-to-end vacation inclusive of air, ground transportation, excursions, suites, exclusive dinners and luxury spa appointments. We are launching a new CRM tool in Q4 to facilitate better communication and more effective selling of ancillary products to our guests.

Let's turn now to the rollout of our new yield management system. We went live with our first property in Q1 and expanded into 2 more properties during Q2. We are still aiming to get the system rolled out to roughly half of our portfolio by year-end. Moreover, we are planning on expanding our agreement to include the balance of our resort portfolio down the road.

As we discussed last quarter, because of the seasonality of our business and the reliance on historical data as well as the judgment of our sales and marketing teams, we expect to operate the yield management system in parallel with our current forecasting processes for at least 1 year before making the full transition. This means that the benefits of the new system are not likely to show up in our financial results until late in 2020. We are confident the potential from this initiative is significant.

With that, I will turn the call back over to Ryan to discuss second quarter results and our 2019 outlook.

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

Thank you, Bruce. Good morning, everyone. Let's jump right into the details of the second quarter.

The second quarter results exceeded our expectations, with adjusted EBITDA coming in at $40.1 million, which is a 3% decrease versus the same period last year. As Bruce mentioned, strong margin performance in Jamaica and Cabos were the bright spots in the quarter, with the Yucatan roughly in line with our expectations and the Dominican Republic a performance detractor, which we'll discuss in more detail shortly.

Comparable net package RevPAR increased 3.6% during the quarter, on a 220-basis-point decline in occupancy and a 6.4% increase in rate.

As I mentioned, a rebound in top line trends driven by Jamaica, the Easter shift and better group business led to a 70-basis-point expansion in comparable resort-level margins. Comparable net nonpackage revenue was up 6.3% in Q2 and total net nonpackage revenue was up 14%.

In the Yucatan, comparable net package RevPAR declined 2.5% in the quarter, on slightly positive ADR growth and slightly lower occupancy, as the negative effect of the Easter shift was reversed but not enough to offset decelerating passenger arrivals and supply growth from the last 12 months. Comparable owned property-level resort EBITDA in the region, which reflects both Cancun and Playa del Carmen, decreased $1.3 million, or 6%.

As expected, trends in the second quarter did improve versus the first quarter, but given the tougher comparisons for the balance of the year, seaweed and ongoing supply absorption, we expect comparable RevPAR declines in the Yucatan to be down mid-single digits on a full year basis.

We've recently received a number of questions regarding the impact of the Sargassum seaweed this year versus last year and versus our expectations. The Sargassum situation is certainly not ideal, but let's be clear: it was present in 2018, as well. And while we cannot quantify the impacts to RevPAR, there was no incremental expense on top of the removal costs that we incurred last year.

Once again the new Panama Jack was the only resort in the Yucatan to post positive comparable RevPAR growth during the quarter, and we still expect that the grand reopening of the Hilton Playa del Carmen in the fourth quarter of 2019 will ultimately serve as a catalyst for additional gains at the Panama Jack Playa del Carmen directly across the street, as pricing gains post-transformation at the Hilton will help drive up ADRs at the Panama Jack.

On the Pacific Coast, net package RevPAR increased 14% over the same period last year, driven by a 14.5% increase in ADR and roughly flat occupancy.

Owned resort EBITDA increased $2 million, or almost 31%, over the prior year, driven by strong ADR performance flowing through to the bottom line.

The combination of strong RevPAR growth and disciplined cost controls by our regional management team in Mexico, which you may recall was realigned last fall, led to a 570-basis-point margin expansion on the Pacific Coast.

The supply landscape in Mexico is easing, but the impact from the rooms opened over the last couple of years is still being absorbed. By and large, new development is on hold, with less interest from institutional capital for new ground-up builds. That said, the hotel industry is actually viewed as a defensive area within the Mexican economy, as the demand trends are countercyclical vis-a-vis FX rates and are tied more to the U.S. economy.

So there is capital interested in lodging assets, but the bid-ask spread is prohibitively wide. So we aren't seeing a lot of activity in the moment in the market. We are, however, hopeful that our demonstrated operating and sourcing experience will present opportunities for asset-light, sliver equity management deals with high ROIC and short payback periods as we move through the cycle.

Our performance in Jamaica was the highlight of the quarter again, even though the blending of the lower RevPAR Sagicor portfolio makes it a bit more challenging to see on an as-reported basis. Our flagship Ziva & Zilara Rose Hall continues to post strong gains and impressive returns following the completion of its remodel in 2017. Comparable net package RevPAR at the Ziva & Zilara Rose Hall increased almost 18%, and property-level EBITDA increased an impressive 36% against last year's very difficult 134% growth comparison.

As a reminder, the Sagicor portfolio was folded into the Playa portfolio in June of last year but will not be reported as comparable until Q3 of 2019, with the exception of the 88-room Century Tower that's part of Jewel Grande, which wasn't open in 2018 and will not be comparable until 2020, although that's a minor component.

This portfolio of assets is lower in absolute ADR than the Hyatt but is expected to grow and is growing at an impressive rate given the changes that the team is implementing.

The results at our Sagicor portfolio continue to meet our expectations or exceed them, with property-level EBITDA of at least $28 million forecasted for this year. In the second quarter, Sagicor portfolio posted a RevPAR gain of 3%, driven by a 6.5% increase in ADR. We're incredibly proud of the work that the teams are doing in Jamaica, and we're thankful for the ongoing partnership with Sagicor.

Now turning to the Dominican Republic. We will try to give you as much information as we feel we can to help you frame your models and forecast an outcome for the DR market for the second half of 2019 and for 2020, as this segment is obviously a material driver of our 2020 EBITDA growth. I'll start first with comments regarding our capital projects, then turn to performance during the quarter in the Dominican and then dive into the details of what has transpired in the market and, as a result, our outlook at this time.

As Bruce mentioned, our projects are on-time and on-budget, the Hilton conversions are nearing completion, and we continue to be validated in our belief that our partnership will be transformative with respect to customer sourcing.

During the second quarter, 27% of room nights stayed at the Hilton La Romana were booked direct, versus 3.4% last year as a Dreams. And in the first quarter of this year roughly two-thirds of those nights stayed went through brand.com.

With respect to the Hyatt Ziva and Zilara Cap Cana, they're coming along very nicely and we look forward to welcoming everyone on November 1.

While we take very, very seriously any issues impacting our guests, partners on the ground and stakeholders, we believe the recent issues that have impacted the DR are largely a media-induced phenomenon and will not impair the long-term value of the market or our assets.

For the quarter, comparable net package RevPAR decreased 4.3%, driven by a 6% decrease in occupancy and a 3% increase in ADR. Once again, tight cost controls resulted in comparable EBITDA margins compressing just 50 basis points on the RevPAR decline.

We estimate that the negative DR news reports were roughly a $1.5 million drag on Q2 EBITDA in the Dominican.

Now before we move forward, there are a few points I want to remind everyone that are critical to any analysis of the Dominican with respect to Playa. First, the Hilton La Romana is very challenging to analyze given these events unfolded during a period of extremely low starting occupancy, low ADR and, most importantly, heavy construction disruption. Two, the Dreams Palm Beach and Dreams Punta Cana are not currently managed by Playa. Three, given normal hesitancy on the part of agents and travelers to plan a vacation to a brand new resort due to fear of construction delay, the absolute booking pace 120 to 180 days out for an FIT business at Hyatt Cap Cana is also very difficult to read into.

These 3 factors should be taken into consideration, as we believe investors appear to be applying RevPAR and EBITDA declines based on our current situation and portfolio, to a much larger EBITDA base with a very different complexion looking out to 2020 EBITDA in the DR.

Now I'll walk you through the progression of the recent events in the DR to help inform your models and explain why we are so optimistic for 2020 EBITDA, even in scenarios with lower RevPAR than what we're seeing today. So through the end of May comparable net package RevPAR for the second quarter in the DR was tracking down low single digits. The third quarter was forecasted to be up low single digits, and the fourth quarter was forecasted to be up mid to high single digits. We currently expect Q3 comparable net package RevPAR in the third quarter to be negative roughly 30% and Q4 to be down low double digits.

During the month of June, at our managed Hilton La Romana, we saw booking, and that's not to be confused with ADR, weakness in the first week, but still booking positively. It then turned decisively negative the next few weeks before stabilizing and turning back positive near the end of the month and at the beginning of July. As we have moved through July, we're booking at a healthy pace again and currently have about 70% of the bookings for Q4 on the books, versus the same time last year, at modestly lower rates, although the current pace is obviously moderately slower than what we were booking at prior to the events of June.

I'll touch on 2020 momentarily, but we believe that maintaining average daily rate integrity is of the utmost importance during this time for future bookings given we do not believe the market will remain impaired based on our current sales outlook. As of now, we expect the time of recovery to be roughly 12 to 18 weeks, which means we should be booking normally by early to mid-Q4, with a much smaller impact looking out to 2020.

We are very encouraged by the business on the books at both Hilton La Romana and Hyatt Cap Cana, while keeping in mind that neither property existed in the same capacity earlier this year or last year. As an example, Hilton La Romana is currently booked over 20% for January of 2020 at an ADR of around $230. This compares to roughly 19% on the books at Panama Jack Cancun, 17% on the books at Hilton Playa del Carmen and roughly 25% at the Hilton Rose Hall. So again it's pretty meaningful numbers. Moreover, we're particularly encouraged by trends at the fully renovated and open Hilton La Romana adult property, that half of the property, which is significantly outpacing the La Romana all-ages hotel, which is still obviously heavily under renovation.

Aside from the passage of time, there are a few factors at work here. One, there's been a significant drop in the price of airfare to the DR. For example, in most cases the DR is priced cheaper than airlift into Mexico right now, which is certainly not always the case.

Two, the media frenzy surrounding the DR was largely an American phenomenon. La Romana had a larger book of European business before being converted to a Hilton, and our efforts are currently focused on continued high levels of sourcing from Europe.

And three, a good amount of the room nights on the books for the Hilton La Romana are points-based stays, further reinforcing the benefits of our branding strategy.

Also worth noting is that Hilton La Romana Q4 RevPAR trends beginning from June until now have outperformed the 2 Dreams properties by nearly 10 percentage points, and that's with the resort under significant renovation.

Hyatt Cap Cana is currently about 6% booked for January 2020, at a blended ADR well over $500. Now keep in mind we were already planning for much lower than normal average occupancy for this property in its first full year of operation, even before the events of June. So we're actually quite pleased with this booked position at this moment. Once customers see that the resort is fully open in November we expect to see the reservation floodgates open, as we've experienced with all of our previous resort openings.

As a frame of reference, Hyatt Ziva Cancun, which is of comparable quality and has similar labor costs, generated a 32% EBITDA margin in its first full year of service, with comparable RevPAR to what we're expecting from Cap Cana. That, combined with our bottoms-up build, gives us confidence that the high-20% EBITDA margin is very achievable and reasonable at the Cap Cana resort in 2020 for the full fiscal year.

At Hilton La Romana we feel comfortable that we can achieve 30%-plus EBITDA margins even with RevPAR as low as $140 for the fiscal year, and we see significant upside potential in that figure, given that in 2018 at that property as the Dreams EBITDA margins approached 40%, with a RevPAR of $150.

Now with respect to the forecasted 2019 EBITDA impact in the DR, we expect to report a slight EBITDA dollar loss in the Dominican segment in the third quarter, but profitability should improve dramatically in the fourth quarter as we work off of a higher ADR base and the operations team has the ability to manage costs appropriately as well as the Hilton La Romana fully coming online. To be clear, the lost EBITDA in the third quarter is amplified by the low base of business at the Hilton during the construction period, with half the hotel closed. This is less impactful in the fourth quarter.

As such, combined with the improving sentiment and the nature of the booking window, we are very hopeful that as we look out into 2020 that the impact on our profits will be much less extreme.

So now I know I just gave quite a bit of information. So to summarize, one, we were tracking very nicely in the DR and as a whole through May.

Two, top line in the DR in Q3 swung over 30% and the Q4 swung over 20%.

Three, the corresponding EBITDA impact was much more severe in the third quarter than the fourth quarter, given steeper drop and the smaller base of absolute business given the disruption and the sheer shock and reaction time to the drop vis-a-vis our operations team.

We expect the pace of bookings to be impacted for a total of 12 to 18 weeks, but we'll see some lingering ADR pressure versus what we had modeled previously as we move into 2020, reflecting lost wedding and occasion business as well as lower general sentiment.

Five, we're very encouraged by the preliminary bookings at the Hilton La Romana and what we're seeing already for the winter season.

And six, we're very optimistic for 2020 EBITDA based on the booking trends we are seeing and the precedent property margin profiles, even in scenarios with lower RevPAR than what we're seeing today. To be clear, we don't expect the pace to normalize until sometime in Q4, which means bookings will be impacted in to 2020. But again, we're very bullish on 2020 EBITDA.

We hope this helps you with the framework for what we've seen and why we're hopeful as we look into 2020 and beyond.

As a quick aside, with respect to group bookings, at Hyatt Cap Cana the property is currently tracking at over 2x the pace of business versus our other group-oriented hotels at the same point prior to opening. The group pace is modestly below where we were 1 quarter ago, as the group business was not immune to the broader booking slowdown in the DR in June.

As a frame of reference, Hyatt Cap Cana has more business booked for 2020 than Hyatt Los Cabos, a property with an operating history and familiarity with meeting planners. We're still very pleased with the book of business that we have, and we're lucky to have had such an amazing head start prior to June.

Another important point to keep in mind, while group business is helpful in building a base and providing visibility and yielding up ADR, the absolute size is not make-or-break for Cap Cana.

One positive is that instead of outright cancellations, we were able to move and transfer the deposit of nearly every group to Hyatt Los Cabos or Hyatt Rose Hall, and this highlights the synergistic value of having a portfolio of group hotels for meeting planners. So therefore, the slowdown in the pace since the last time we spoke versus other properties is due to the result of bookings slowing, not due to more cancellations.

The business that was and will remain lost for 2020 is leisure group, which means wedding and occasion business. Given the nature of the booking cycle, we're working under the impression that that business is lost and was booked elsewhere, but it should not impact the potential for that business segment in 2021 and beyond; meaning, the 2020 base of wedding business, for example, is not a new norm to grow off of. For frame of reference, Dreams Punta Cana does nearly 400 weddings a year.

Turning to the balance sheet, as of June 30 we had just under $105 million of cash on hand and $0 outstanding borrowings on our revolver.

Our current ground-up Hyatt Ziva and Zilara Cap Cana Hilton conversions, as we said, remain on-time and on-budget. To date, we've spent just under $200 million inclusive of land on our ground-up Hyatt Ziva and Zilara development Cap Cana, and over the balance of 2019 we anticipate spending approximately $95 million in remaining total CapEx, which is broken down by about $30 million to complete the 2 Hilton conversions and roughly $55 million to finish Hyatt Ziva and Zilara Cap Cana and roughly $10 million of remaining maintenance CapEx.

Our forecasted use of cash does not include additional share repurchases, as they depend on market conditions and other factors and may be commenced or suspended from time to time. And we'll of course update you all on that front each quarter, as Bruce just did. And as you could see, we purchased more in the month of July than we did all in the second quarter, given the pullback in the stock.

Based on these assumptions, our net leverage will briefly peak in the high 5s before the fourth quarter 2019 project openings and, more importantly, in the low 4s if you adjust for the construction progress at Cap Cana. We expect to de-lever very quickly in 2020 as those assets come back online, and we think adjusting our leverage levels for these significant investments in our properties is quite appropriate.

As a reminder, in March of 2018 we locked LIBOR at 2.85% on $800 million of our debt, or roughly 81%, through March of 2023.

So now turning our attention to our 2019 outlook. All of our previous line item and segment commentary largely remains the same, and the aforementioned DR commentary is clearly incremental, to arrive at our new EBITDA guidance of $155 million to $160 million of adjusted EBITDA. This new range reflects the impact of reduced ADR in the Dominican Republic and does not assume any acceleration from the current recovery trends. And we hope that this proves to be conservative.

Our forecasts are predicated on low-single-digit airport arrivals, on average, across our portfolio, low-single-digit supply growth in the Yucatan, limited supply growth in Jamaica and the DR, a spike in high-end supply in Cabos last year and similar weather conditions to last year.

A few minor things you want to keep in mind as you work through your models, comparable first quarter results were meaningfully impacted by negative holiday shift in Easter, which of course reversed in the second quarter. Hyatt Ziva and Zilara Cap Cana will open in November, and the remodels of the Hilton Playa del Carmen and La Romana will be completed in time for high season.

From a financial standpoint, it's worth noting that in nearly any scenario we are at a free cash flow inflection point and expect to generate a substantial amount of free cash flow in 2020, which is of course a valuable tool to enhance shareholder value that is not at our disposal at the moment. While it's too early to give definitive plans for 2020, Bruce will expand on this topic momentarily and give insight to our thought process.

One final piece of housekeeping. On a combined basis for the comparable portfolio we expect comparable RevPAR growth to be down low single digits for the full year of 2019. This change reflects the events in the DR, while other segments remain unchanged.

With that, I'll turn it back over to Bruce for some closing remarks.

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

Great. Thanks, Ryan.

Our second quarter performance, excluding the Dominican Republic, maintained the momentum established in Q1, led by the rebound in group performance in Cabo, the reversal of the Easter shift, ongoing strength in Jamaica and a laser focus on cost controls throughout the portfolio.

In addition to the positive results, behind the scenes we've gone live with several new technology initiatives aimed at increasing the value engagement and level of satisfaction we offer our guests and travel industry partners alike, while at the same time enhancing returns to our shareholders.

We capitalized on the dislocation in the market price of our shares relative to our view of their long-term intrinsic value to reinvest in our company by purchasing our shares, while being very prudent with our balance sheet.

We are just 3 short months away from the unveiling of our 4 U.S. brand-affiliated flagship resorts, which will attract new and repeat lower-cost-of-acquisition guests while diversifying our cash flow streams and once again drive long-term returns in excess of our cost of capital. I couldn't be more excited to introduce our loyal and future guests to these new Hyatt and Hilton all-inclusive experiences.

I believe the growth in our EBITDA combined with the diversification in our cash flow streams, the inflection in our free cash flow and subsequent rapid deleveraging will be transformative for both our company and the price of our shares.

Before we move on to Q&A, I would like to address a topic that is top of mind for me, as I am sure it is for everyone else on this call: our stock price and our valuation. When we started Playa, it was with the view that not only would the all-inclusive industry provide a runway for organic growth, but that we could help lead the direction of the industry by being the partner of choice for our brand partners given our deep industry knowledge and operating experience.

The announcement late last year of our partnership with Hilton was in our view a definitive confirmation that we are, in fact, the partner of choice for the global brand owners. Unfortunately, the market put more weight on the short-term EBITDA disruption than the positive NPV of the partnership.

Given the significant EBITDA offline as a result of the renovations and the construction and progress in Cap Cana, our hands have been tied financially over the past year, prohibiting us from meaningfully accumulating our stock at what we believe to be an attractive valuation or pursuing other value-creating projects.

As we move into 2020, this will no longer be the case, as Ryan has highlighted. In most reasonable scenarios, we will generate a substantial amount of free cash flow relative to our market capitalization and expect to act aggressively once provided the opportunity. The decision tree for capital allocation as we move forward begins and ends with the valuation of our stock.

Moreover, I am acutely aware that returning cash to shareholders is not the only way to unlock value. Given our asset base, public versus private market values of hotels in our markets and our current valuation, I want all of our shareholders to rest assured that I am willing and fully intend to pursue all avenues of achieving additional value for Playa, while being cognizant of the time value associated with various paths. This mindset is consistent with my first 2 tenures as a public company CEO, which both ended in sales of those respective companies at extremely attractive prices for investors.

The point I want to crystalize is that status quo is definitely not acceptable to me or our board of directors and that we are 100% focused on maximizing the value of Playa for all of our shareholders.

With that, we will now take your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Your first question comes from the line of Smedes Rose, with Citi.

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

That's a lot of incremental color that you provided, but I guess I just wanted to ask you a little bit. As these products are reintroduced after renovation and in combination with what's been going on in the DR, how do you think about kind of the pace of recovery into 2020? I guess, in particular, on the reintroduction of those Hilton products post renovation. And could you just remind us, too, on the timing of when those are fully done?

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

Sure. As Ryan said, let's focus on Hilton La Romana. It hasn't been impacted as much because -- the whole thing that happened was really a media-manufactured event. It was exacerbated by the fact that the Dominican government responded so slowly to things. As they did respond with their PR firm, if you noticed, there have been no more stories that have come out. So once there were facts offsetting the stories, the stories all ended.

And so as we look forward, I think when you talk about the pace of recovery, number one, in La Romana we're already seeing, as Ryan highlighted, very good numbers on the books beginning in January. So the fact that the numbers are there, and that's because the European demand has not been impacted and we're seeing very significant demand out of other regions; for example, South America. So I think when Hilton opens in La Romana I think it's going to be a much quicker, almost more typical ramp than what we'd see with a typical project like this.

With Hyatt Cap Cana, again, we were fortunate that we did a lot of advanced selling and PR prior to all of these events happening in June. So on the group side we have very strong business already booked on the group side.

And then what we decided to do was hold off. It didn't make any sense to spend PR dollars while all of this was going on. So it's going to come out later in Q3. And we're going to push the quality of the asset and the quality of the relationship with our brand partners: Hyatt, in the case of Cap Cana; and Hilton, in the case of La Romana. And we think all of those will benefit us driving business into 2020.

So while, sure, there was an impact in Q2 and a much more dramatic impact in Q3, you're going to see that greatly diminish in Q4 and I think hopefully start to evaporate completely as we move into the beginning of next year.

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

Okay. Just I guess what I'm trying to maybe understand is I think before, at least based on sort of consensus forecast, there was kind of this view that all of the EBITDA that had been guided to for 2019 from disruption would be kind of just fully replaced next year, just because of the fact that now you have all the rooms back online. And I'm just wondering, do you think that is a fair, remains a fair assumption, either from what's going on in the DR or just a changed economic outlook? That's certainly been a major theme for hotel reporting this season. Because I think at this point people are really interested in what happens in 2020.

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

Sure. Sure. And I think that's what they should be focused on. If you look at 2019, we were doing great prior to June 1, and then -- great versus our expectations, I should say. We were right on track. And then when everything happened in the DR in June, it kind of upturned the apple cart.

So sure, we should focus on 2020. You are going to see dramatically higher EBITDA for us. You're going to see the recovery of the lost EBITDA from the Hilton conversions. Will it be 100% or 95%? I can't tell you today. I think in Playa del Carmen it's going to be at that high range. We're going to recover that, and I think we're going to do better. The rooms product there and the renovation on that resort is absolutely incredible. And I think we'll also benefit across the street at the Panama Jack.

In La Romana, again, I think that you have to take into account that this is not as American-centric of a market as Punta Cana is. So that is one big benefit we're getting. So I think you'll see that there's 2 pluses. One is we no longer will be paying the management fees. So on a full-going basis we don't have the management fees in La Romana. And we have the fully renovated rooms and we have the Hilton association.

So I think if you're looking at 2020 for recovery of the EBITDA, I think that's the low bar. Our goal is to exceed that. But yes, I think that's the low bar, is to assume that we recover it.

Operator

Your next question comes from the line of Chris Woronka, with Deutsche Bank.

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

Bruce, I guess the first question is on the -- a lot of helpful comments about capital allocation and commitment to buybacks. I guess, I know you guys are limited in what you can do in the open market, right? You have volume constraints and you have 10b5s in certain periods. Does it get to a point where you'd consider something like a tender or an off-market block? And I know that's more next year when the cash flows inflect, but are there more, I guess, dramatic actions you can take on buybacks?

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

Chris, that's a great question. I appreciate you asking it. Because I just look at the price where we're trading today and it is ridiculously low. If you look at just the underlying assets that are in our portfolio and the disconnect between the asset value and the stock price, it just pushes us to say we will consider anything. So would we? Absolutely. We need to look where can we create the most value. And there is no option that is not on the table. As we said in the prepared remarks, optionality and flexibility are absolutely key, key for us.

And when we look at it, and we keep saying 2020 and it seems like such a far-off time until our free cash flow inflects so dramatically positively, but really we're less than 3 months away from having all these resorts open. Cap Cana is going to be open, the all-adults in La Romana is essentially done. The all-ages will be done later in the year. Hilton Playa del Carmen, the same.

But as I look at, I think there's 4 focus points kind of from a capital standpoint. Number one, we're going to drive our free cash flow dramatically as the construction projects wrap up. And like I said, it's less than 3 months away.

The second, we will reinvest through stock buybacks in our assets. We have incredible assets. And while the stock price is at these incredibly low levels, we will do something about that.

Third, we will sell existing assets and use the proceeds to buy back as much stock as we can, de-lever, what makes the optimum capital allocation sense.

And would we look at any option? Sure. We're going to have a lot of free cash flow. We have the ability to unlock values through our assets. All of those options are on the table.

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

Okay. That's very helpful. And then just maybe, this might be a question for Ryan, if you have the information. I guess we're trying to figure out first quarter is obviously very important for you guys seasonally, and I know right now I think you mentioned through all the data points that you're maybe a little bit behind where you'd like to be for first quarter of '20 portfolio-wide. Do you have any experience or data points that suggest even if the booking window has shortened that you can still make up that difference for the first quarter?

And I guess, secondarily to that, what are you seeing competitively in, say, the Cancun market? Are you seeing more price rationalization even though we're still seeing supply additions and some concerns over seaweed? What's the broader market situation in Cancun?

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

I'll start with the second one. For the broader market we continue to believe that we outperform the market based on the data points that we're able to see. Obviously, as I've said in the past, I can't point to any Smith Travel reports to prove it, but we have enough data points to understand that the branding strategy and the direct-to-consumer product works. And no matter what the market is doing, we're always going to be at the top end there.

And then kind of fitting into your first question, our pace at any given point, which you've heard us talk about for the last kind of 12 to 18 months, is typically behind the previous year due to the kind of compressed booking window of roughly 21 to 30 days for kind of leisure transient.

But a lot of that is by design. And as an example, in the month of June we significantly outperformed our forecast, it was just 1 month, but at the Hyatt Ziva Cancun. And I know it's a flagship property that's done well for a long time, but that's one that was more significantly pacing behind. But Kevin Froemming and his sales and marketing team don't need to panic. Because at the end of the day -- occupancy will always be there if you need it. And the smarter decision is always to let others panic and fill up their rooms, given their strategy of heads in the beds versus our strategy of rates.

And I was actually there at the very end of June and at the beginning of July with my family, and I emailed the team and was, like, wow, I've never seen this hotel so packed. And it's because we were able to kind of hold on and get some last-minute yielded-up rates.

And so we're doing this on an ongoing basis despite what our pacing at any given point would lead us to believe.

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

Okay. Appreciate the color, Ryan. Just one last question, probably for Bruce. We heard from Marriott yesterday that they're entering the space. They have identified some partners. A question for you, Bruce, is just, what do you think of that? What future opportunities kind of might it hold for Playa? And then to the extent that there might be alternative arrangements in terms of joint ventures and things like that, that you could do with them or other partners. But what does their entry into the space mean for Playa?

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

Sure, Chris. Thanks. Number one, I think the fact that Marriott announced that they're entering the all-inclusive space is just an affirmation of how attractive the opportunity is and how popular it is with consumers.

They also said that they had tried to enter through M&A or others and they've decided to grow organically. So I think again that shows the difficulty, of entering this space. And you can see that in the fact that the deals that they talked about in their announcement don't begin coming online until 2022 to 2025.

So number one, I'm super happy because Marriott has recognized, and I know they feel this way, how attractive the all-inclusive space is, and it just reaffirms our belief that the way to go in the all-inclusive space is with branded partners. So we've got those with Hyatt and Hilton today. With Hyatt, we've been operating Hyatt Ziva and Hyatt Zilara properties since 2013. So when you look at Marriott coming on in 2022, that's a 9-year head start. We started with Hilton in 2018, and we'll have the newly renovated properties at the end of this year. So that's a 4-year head start with Hilton.

We expect to significantly grow with both Hyatt and Hilton, but we won't preclude any partnership that makes sense, going forward. Right now, we're completely happy with the relationships that we have, but as we go forward we will do what's in the best for all of our Playa shareholders.

But I really think it's a positive, incredible positive to see Marriott make that announcement. And we'll see what that means for us, going forward. But I think, over all, it just shows how attractive all-inclusive is.

Operator

Your next question comes from the line of Patrick Scholes, with SunTrust.

Charles Patrick Scholes ***SunTrust Robinson Humphrey, Inc., Research Division - MD of Lodging, Gaming and Leisure Equity Research and Analyst***

Bruce, you've talked about certainly your hotels at a discount. Conservatively, what do you think in a private transaction, what type of multiple, on average, could you get, multiple of EBITDA could you get for your hotels if you were to sell them?

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

So Patrick, I'm not going to come here. I think there's always great risk in ever planting a flag in the ground and saying that our assets are worth this much or at this multiple or this NAV because, quite honestly, I think as you get out there in the market and test the waters they'll use that against you. I can tell you there's a lot of interest, there always has been, in different properties that we have.

The benefit that Playa has is that we are in some of the absolute best locations in our markets. And that goes back to our acquisition and development strategy to focus on those kind of locations. So we're not looking to be in B or C locations. We're looking to be in A or A+ locations. And so I think those will be the kind of properties that will drive outsize valuations. And that would be our expectation.

And so as we look at it, and we have different ways we can unlock the value of those assets, but there is absolutely a disconnect between the stock price and our underlying assets. And so whenever that happens, this is just, obviously, Financial Capital Markets 101, we are going to find ways to lessen that disconnect.

And if we have to sell assets, importantly, okay, I just want to make this point, importantly, while maintaining long-term management contracts, if we were to sell one of our premier branded properties, we're going to continue to operate those properties going in the future. If there are some strategic ones that don't fit that, they could be sold unencumbered.

But we will look at that. We are looking at that. We have been looking at that. And I can tell you that's a major focus, and it's just become much more of a focus as the stock value has disconnected so dramatically with the asset values.

So I'm sorry I didn't answer your question. It's kind of a little political answer.

Operator

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

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

I appreciate all the color here on the DR, but Bruce, can you provide maybe a little bit of historical context for what's going on down there? You've been in the all-inclusive business for a while. When you get a temporary issue like this, how long does it typically last based on your experience? And then you called out some of the trends, going forward. Is what you're seeing kind of in line with what you have seen previously when there's been a disruption like this?

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

Sure. Sure. I appreciate it, Tyler. My experience, and I will say this is a different kind of event, but we have seen other events, whether they were violence-driven or Zika-driven, way back in the day, SARS. What I've seen is that these periods of time, the kind of impact periods, seem to get shorter and shorter and shorter all the time.

And I think that's kind of a reflection on the society kind of we live in, with social media and with kind of the stories jump from one to the other. I heard, as an anecdote, I was hearing a story yesterday on the radio, and they were talking about the shooting in California at the Garlic Festival. And they said no one's even talking about or remembering it because you had 2 other shootings. That's the society we live in. I don't want to focus on shootings. But it's more that events, new events come up every day and they take away the focus.

I think the PR firm employed by the Dominican did an incredible job, albeit three and a half weeks too slow or too late, in that they refuted the kind of made-up stories. When they came out with facts, it went away.

So I think you've seen the media frenzy end on the Dominican, and now it's just a matter of time before you just kind of eliminate the impact. We think it's a 12- to [18-] (corrected by company after the call) week kind of phenomenon, that it's going to take. So as you go through it, as Ryan said, during that, if people wanted to book their wedding, well, they probably went to book their wedding some place else. But people who are going to book their vacation, they may have just deferred. And I don't think we're going to see a dramatic impact.

So if you kind of take that 12- to [18-] (corrected by company after the call) week impact that we're already 4-plus weeks into it, okay, then you've got another 8 weeks to [14] (corrected by company after the call) weeks you can see lingering effects.

And I think as we go into the high season, that is not going to be the factor. The factor is going to be, the important things are is there airlift. And what we're saying for the high season in the Dominican on the airlift side is it's just slightly down. And quite honestly, the slightly down relates more, probably, to the fact that the 737 Max planes are grounded than it does to the lack of interest from the airlines in flying there.

As Ryan mentioned, the air fares have come down. That's going to be beneficial. People are economic animals. They're going to see air fare is down and they're going to see no more stories and they're going to see the beautiful new Hyatt Ziva, Hyatt Zilara and the Hilton La Romana resorts opening. And I think we're going to get big business.

The other thing is we're absolutely focused on the relationships we have with the brands. And a couple of the stories that came out, even in the middle of all this frenzy, were, like, hey, you should go stay at a branded property if you're going to go because you can rely on their focus on quality. And we have seen that.

So I think we will outperform our competitors in these markets because of that and also the advantage of having the direct business which is growing and growing every day.

So I'm confident going into 2020 that while you may see some lingering effect in a couple aspects of our business, I think you'll start to see very positive growth.

And what we've seen in the past when you open a new resort is that the early TripAdvisor and social media reviews will dictate how well you do in the short and midterm. And I can tell you those assets are looking fantastic, and I'm confident our operations team will deliver and that you're going to see really positive reviews beginning November 1 and then going into 2020 high season we're going to reap the benefits of that.

We're being very conservative. If you look at the margins and the revenues that Ryan talked about, I think those are conservative numbers. So we're not sticking our head out too far. So we should be able to achieve those and hopefully beyond those.

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

Okay. Great. I appreciate all that. And then some follow-ups here, probably for Ryan. Obviously, you talked a little bit about some of the weakness in the bookings in the DR and what-not. Have you seen a lift in Jamaica, Cabo or some of your other locations from maybe people canceling and moving around or maybe people that were potentially going to book Dominican Republic that are now booking their vacation at one of your other locations instead?

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

Yes, somewhat. I mentioned on the ability to move some of the meeting incentive business, and that's specifically for the group hotels. I do believe, I can't quantify it for you, I do believe Jamaica has benefited. But that property and all the Sagicor assets have been doing well all year. I was down there as recently as a month ago, and the hotels were hopping and they were incredibly full. And so is there some benefit? Of course. But at the same time I don't want to take away from anything that they've done on the sales and marketing or on the ground there, as well.

I do believe maybe a little more long term this could also benefit Mexico. I'm not seeing it today. Mexico has kind of continued as advertised all year. But I do think that again it goes back to our old analogy, Bruce's analogy of the water balloon. And if you squeeze the water balloon, the water goes somewhere else. And it's the same thing with our very balanced portfolio from a geographic perspective. And in pretty short order here we're going to be pretty balanced from an earnings perspective.

Operator

And your next question comes from the line of Brian Dobson, with Nomura.

Brian H. Dobson ***Nomura Securities Co. Ltd., Research Division - VP of Lodging REITs***

So you had some, Bruce, you had some very positive commentary on capital allocation. In terms of 2020 cash flow, how much do you think the company could potentially direct toward share repurchases next year?

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

Brian, I again don't want to hedge your question, but I'll just have to go with the -- I don't want to put a stake in the ground and say exact numbers. But I think more it's the sentiment that we want to address, in that if our stock price remains low there is no better use of our proceeds than to buy back our stock. Okay? So that's just -- you're not going to be seeing long-term projects, capital going into long-term projects which won't deliver EBITDA for extended periods. You won't see projects that will have significant disruption. We can invest in our stock and get an immediate return on that.

And so from my standpoint that is the best thing to do for our company and for our shareholders. And so you will see a significant amount of that free cash flow going toward that. So as long as that disconnect exists, you will see that.

And then on the asset sales, again that's another avenue of unlocking value.

So our whole goal here is to create value for our shareholders. And if we can reallocate our investments (i.e., sell assets and buy back our stock or take free cash flow and buy back our stock), if that drives a higher return to our shareholders those are the actions that we're going to be taking, and that's what I'm just communicating to people to make sure it's clear.

And the reason I bring up my 2 previous companies is that I think it's unusual to have a CEO of a company who's demonstrated twice that they will do what's in the best interest of shareholders to reach the highest potential value. And so we look at it every single day. And the only reason we're probably talking more about it right now is because of where our stock is trading and the fact that the disconnect has just become so huge between both the value of our underlying assets and any reasonable multiple that you put on 2020 cash flow.

Our 2020 cash flow, our results are going to go up so significantly and there's no -- I think maybe it's fear, maybe it's because of past history, maybe it's because of the Dominican Republic. But I'm confident that 2020 cash flow is going to be there. And so when it's going to be there, we shouldn't be trading at these levels. If we are still trading at these levels, we are not going to sit idly by.

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

Brian, if it's helpful, for 2018 on a full year basis 54% of our EBITDA was free cash flow. So meaning EBITDA less cash interest expense, cash tax and maintenance CapEx was about 54%. On a year-to-date basis thus far this year, even with EBITDA off line, roughly 64% of our EBITDA is free cash flow. Obviously, that's being spent on the development CapEx this year. But I just wanted to give you some of that context as you look out to 2020 on a much bigger EBITDA base with far less money allocated to any development projects.

Brian H. Dobson ***Nomura Securities Co. Ltd., Research Division - VP of Lodging REITs***

Thanks. That's very positive. And then as a follow-up, with Marriott's announcement I think it's positive to see global brands enter the space. Do you think that that eventually leads to consolidation as the independents find it harder to compete?

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

That's a great question. It's an interesting market segment. And you look back and you'll say, how come Marriott and the other brands didn't enter before? And it's because it's a very interesting and unique segment.

So all-inclusive is dominated by owner-operated family companies; many Spanish companies, Mexican companies, in the case of Sandals, a Jamaican company. And so the interesting thing about it is kind of their motivation and their operating strategy, financial and operating strategy, is different. So if they were kind of typical public or private equity-owned companies I would say, yes. I would absolutely say there was going to be a consolidation faster rather than slower.

Having said that, with the unique nature of these companies being family-owned, I think it depends. I think other factors come into play. Many of these companies are second-, third-generation companies. So I think when they may transact is when the family decides to change and there's some need for liquidity or the next generation doesn't really want to take over.

So I think it will happen, but I think it will happen on a slower basis and for different reasons than the fact that the big brands came in.

I think the big brands, unless they partner with somebody like Playa, and this is not just a self-serving comment, I'm telling you the reason Playa kind of is a unique player in this segment and why we've got the outstanding relationships we do with both Hyatt and Hilton is that we bring a lot to the table. We are kind of this bridge between the all-inclusive world and the major/U. S. brands. And there's not others that really have the experience and the ability to kind of operate in that space. And so we think we have something pretty unique to offer.

So the fact that Marriott is entering, I think will mean that there's going to obviously be more branded all-inclusive properties. And over time I think they will continue to grow because they bring a lot to the table: access to their distribution systems and their frequent-stay members, all of the things that we have been touting with the relationship and the success we've had with Hyatt and Hilton.

So I think long term they'll continue the grow, the brands will continue to grow. Hopefully the majority of that growth comes with Playa, and I think we have a lot to offer. And eventually you'll see that consolidation, but I don't think it will be rapid because of the unique dynamics of this industry segment.

Operator

And there are no further questions in the queue. I turn the call back over to the presenters.

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

Okay. Well we very much appreciate everybody's interest in Playa and continued interest.

We have a lot of exciting things happening at the company. As we've hammered home, less than 3 months until the opening of Hyatt Zilara and Hyatt Ziva Cap Cana and the unveilings of Hilton La Romana, the 2 resorts there, and Hilton Playa del Carmen. We are so excited about that.

We will hopefully have a very positive quarterly call next time and we don't have to have external events like we had in the DR in the month of June and we'll be presenting much more positive numbers. But we're very excited about where we're heading, and we're committed to doing everything we can to maximize the value of our stock for all of our shareholders.

So thank you very much.

Operator

And this concludes today's conference call. You may now disconnect.