

Company: Mastercard Inc	Ticker: HLT Current Price: \$ 237.09	Industry: Hotel & Lodging	
Target Price: \$291.92 52 Week High/ Low: \$148.25 / \$240 Stop Loss: \$189.52	TTM P/E: 38.40 Forward P/E: 33.52x EPS: \$6.15	Beta: 1.11 Credit Rating: BB+ (S&P Global) Rating Outlook: Buy/Hold	Market Cap: \$57.83 Avg Vol (12 M): 1.5 Dividend Yield: 0.25%

Company Background:

Industry Outlook:

Hilton is an industry-leading hotel brand that offers a global presence through its simplified, fee-based model. The hotel company targets middle to upper-class travelers, providing a range of diverse and tailored stay experiences.

Investment Thesis:

Given that 90% of Hilton's revenue is based on franchising and management fees, M&A plays a huge role in understanding how the company competes and grows. In recent years, Hilton has been able to expand their portfolio and get involved in emerging cities and economies of scale. For example, the company acquired Graduate Hotels for \$210 million and purchased Bluegreen Vacations for \$1.5 billion. Moreover, Hilton has been able to capitalize on the digital side by growing their loyalty program from 36 million members in 2012 to 195 million in 2024. Lastly, during recent economic downturns, the company has not only remained resilient but has been able to double down and reinvest. With over 500,000 rooms under construction, financed 90% from dry deals, the company looks to gain competitors' market share.

Investment Risks:

- The hotel and lodging industry as a whole grapples with risks stemming from economic volatility, market access challenges, health and safety concerns, and seasonality. Specifically, Hilton's primary challenge is their \$10.95 billion in debt, compounded by a recent downgrade to high yield. As investors anticipate interest rates remaining elevated for an extended period, this debt will continue to be costly, putting additional pressure on Hilton's ability to grow both organically and through acquisitions.

3-5 take aways from last quarter investor call transcript:

- Net Unit Growth – NUG
 - 4.5%, which is compared to MAR 3.2% in most recent quarterly earnings
- Hilton is doubling down on hot spot cities domestically
 - Ex. Nashville, Atlanta and Austin
- Debt Structuring
 - 85% fixed, 69% unsecured, 36% freely payable, net leverage is 2.9x, 4.9x WACD
- The company is looking to expand their Hilton for business program to incentives small business to use their space.

Relative Valuation

FY 2023	Hilton	Marriot	Hyatt	Choice
Market Cap	57.88	73.84	15.73	6.78
EV	68.28	87.44	17.58	8.60
EV/EBITDA	23.77	20.89	49.94	15.95
P/E	38.57	26.13	65.52	21.70
P/FCF	32.86	27.48	24.43	50.09
Dividend Yield	.25	.88	.39	.80
EBITDA Growth	10.21	-3.08	-59.54	2.92
EBITDA Margin	26.11	17.12	5.25	34.77
Sales Growth	9.24	6.60	2.84	.95

Discounted Cash Flow

Analyst Opinion

Buy: 10	Hold: 15	Sell: 1
Firm	Rating	Target
Morgan Stanley	Overweight/In-line	\$245
Goldman Sacs	Buy	\$247
HSBC	Buy	\$273

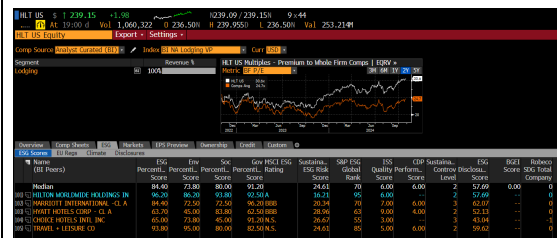
Financial Performance

In \$Millions	2020	2021	2022	2023	Q1-2024	Q2-2024
Revenue	4,307	5,788	8,773	10,235	2,573	2,951
Operating Profit	306	1,142	2,144	2,341	686	792
Net Income	-715	410	1,255	1,141	268	422
Revenue Growth (%)	-54.4	34.4	51.6	16.7	10.9	7.3
Operating Profit (%)	85.6	88.3	88.6	88.9	90.4	89.9
EPS	-2.58	1.47	4.56	4.36	1.49	1.86
P/E Ratio	-	84.72	27.06	35.77	38.24	37.02
ROIC	-3.25	7.10	15.99	17.36	17.89	18.49
ROA (%)	-4.05	7.28	17.75	17.92	7.71	7.80
FCF	662	74	1,642	1,795	330	406

Total Return

Return	Stock	Hotel & Lodging Sec.	S&P 500
YTD	30.54	27.16	20.27%
Last 3 Years	17.90	17.90	78.12%
Last 5 Years	19.81	16.42	93.36%

CSR Characteristics



Prepared by Bloomberg

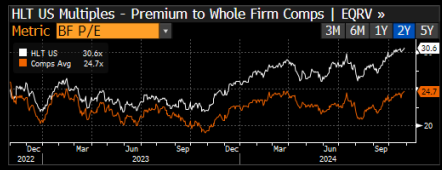
*Industry Avg. includes companies listed and

HLT US \$ ↑ 239.15 +1.98 N239.09 / 239.15N 9 x 44
 At 19:00 d Vol 1,060,322 O 236.50N H 239.955D L 236.50N Val 253.214M

HLT US Equity Export Settings

Comp Source Analyst Curated (BI) Index BI NA Lodging VP Curr USD

Segment Revenue %
 Lodging 100%



Overview Comp Sheets ESG Markets EPS Preview Ownership Credit Custom

ESG Scores EU Regs Climate Disclosures

Name (BI Peers)	ESG Percenti... Score	Env Percenti... Score	Soc Percenti... Score	Gov Percenti... Score	MSCI ESG Rating	Sustaina... ESG Risk Score	S&P ESG Global Rank	ISS Quality Score	CDP Perform... Score	Sustaina... Controv Level	ESG Disclosu... Score	BGEI Score	Robeco SDG Total Company
Median	84.40	73.80	80.00	91.20		24.61	70	6.00	6.00	2	57.69	0.00	0
1010 HILTON WORLDWIDE HOLDINGS IN	96.20	86.20	93.80	92.50	A	16.21	95	6.00	--	2	57.69	--	0
1029 MARRIOTT INTERNATIONAL -CL A	84.40	72.50	72.50	96.20	BBB	20.34	70	7.00	6.00	3	62.07	--	0
1028 HYATT HOTELS CORP - CL A	63.70	45.00	83.80	62.50	BBB	28.96	63	9.00	4.00	2	52.13	--	0
1040 CHOICE HOTELS INTL INC	65.00	73.80	45.00	91.20	N.S.	26.67	55	3.00	--	3	43.04	--	-1
1059 TRAVEL + LEISURE CO	93.80	95.00	80.00	82.50	N.S.	24.61	85	5.00	6.00	2	59.62	--	0