Hilton Grand Vacations, Inc.

Q2 2021 Earnings Call

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CORPORATE PARTICIPANTS

Mark Melnyk – *Vice President of Investor Relations*

Mark Wang – *President and Chief Executive Officer*

Daniel Mathewes – *Executive Vice President and Chief Financial Officer*

PRESENTATION

Operator
Good morning and welcome to the Hilton Grand Vacations' Second Quarter 2021 Earnings Call.

A telephone replay will be available for seven days following the call. The dial-in number is 844-512-2921 and enter PIN 13714034.

I would now like to turn the call over to Mark Melnyk, Vice President of Investor Relations. Please go ahead, sir.

Mark Melnyk
Thank you, Operator.

Welcome to the Hilton Grand Vacations' Second Quarter 2021 Earnings Call.

Before we get started, please note that we have prepared slides that are available to download from a link on our webcast and also on the main page of our website at investors.hgv.com. We may refer to these slides during the course of the call or in our question-and-answer session.

As a reminder, our discussion this morning will include forward-looking statements. Actual results could differ materially from those indicated by these forward-looking statements, and these statements are effective only as of today. We undertake no obligation to publicly update or revise these statements. For a discussion of some of the factors that could cause actual results to differ, please see the Risk Factors section of our 10-Q, which we expect to file after the conclusion of this call, and in any other applicable SEC filings.

We will also be referring to certain non-GAAP financial measures. You can find definitions and components of such non-GAAP numbers, as well as reconciliations of non-GAAP and GAAP financial measures discussed today, in our earnings press release and on our website at investors.hgv.com.

As a reminder, our reported results for both periods in 2021 and 2020 reflect accounting rules under ASC 606, which we adopted in 2018. Under ASC 606, we are required to defer certain revenues and expenses related to sales made in the period when a project is under construction and then hold off on recognizing those revenues and expenses until the period when construction is completed. To help you make more meaningful period-to-period comparisons, you can find details of our current and historical deferrals and recognitions in Table T-1 in our earnings release.

For ease of comparability and to simplify our discussion today, our comments on Adjusted EBITDA and our Real Estate results will refer to results excluding the net impact of construction-related deferrals and recognitions for all reporting periods. A complete accounting of our historical deferral and recognition activity can be found in Excel format on the Financial Reporting section of our Investor Relations website.

Finally, unless otherwise noted, results discussed today refer to Second Quarter 2021 and all comparisons are accordingly against the Second Quarter of 2020.

In a moment, Mark Wang, our President and Chief Executive Officer, will provide highlights from the quarter in addition to an update of our current operations and Company strategy. After

Mark's comments, our Chief Financial Officer, Dan Mathews, will go through the financial details for the quarter. Mark and Dan will then make themselves available for your questions.

With that, let me turn the call over to our President and CEO, Mark Wang.

Mark.

Mark Wang
Morning, everyone.

I'm happy to report another quarter of sequential improvement, with strong results that we released this morning. We experienced a nice, linear pace of contract sales recovery in Q2, with monthly sales versus 2019 levels improving each month of the quarter. That's a continuation of a trend we've seen so far throughout 2021 and into our current quarter, so we remain very optimistic about our business and our pace of the recovery. But what stands out this quarter is the driver of those contract sales. Specifically, it was the material improvement in tour flow that we saw in nearly all of our major markets.

We've done a great job executing through the pandemic and I'm very proud of our teams. But as I've said in the past, ultimately tour flow and customer acquisition are key drivers of the business, so it's really encouraging to see a rebound in tours with the release of pent-up travel demand. There are still a few pieces left to solve for, namely the return of our Japanese owners and the recovery of our urban markets. But with each passing day, we become more confident that it's just a matter of time before we see a recovery there as well. And, of course, we're maintaining our vigilance and cleaning procedures to ensure that our guests feel safe and comfortable as they return to our properties.

I'm also excited to report the results of yesterday's shareholder vote, which was an overwhelming approval of the Diamond acquisition. We appreciate this vote of confidence from our shareholders and we're looking forward to closing the deal in the coming days. With today's results and the strong momentum that Diamond is also carrying, we're in a terrific position to start our journey as a combined entity.

Let's get into some of the results for the quarter. Our contract sales for the quarter were $259 million, up 86% versus last quarter. We saw improvements in our pace against 2019 in each month of the quarter, ending at 80% of 2019 levels in June, and we've seen a continuation of that momentum thus far in July. And if you exclude Hawaii and our urban markets where we only recently reopened, our contract sales recovered to 92% of 2019's levels by June.

VPG for the quarter was just under $4,400, up 29% compared to 2019, owing to process improvements and the mix shift to owners. We also saw our first positive contribution from average transaction price since 2018 due to solid sales of our new projects, which are in higher-price markets like Maui, Cabo, and Okinawa. These factors enabled us to drive strong flowthrough again this quarter, with EBITDA margins several hundred basis points ahead of where we were in 2019 on lower levels of contract sales.

As I mentioned, the standout contributor to contract sales this quarter was our tour flow, which doubled from the first quarter levels. Average occupancy for the quarter was 81%; that's a big uptick from the 50% that we saw in the first quarter. And it isn't far below the 89% occupancy we had in the second quarter of 2019, which is a major accomplishment considering Japanese travelers haven't yet returned to Hawaii.

As we look out to the rest of the year, occupancy trends remain very encouraging. In key markets like Orlando, Las Vegas, South Carolina, and even Hawaii, we're seeing on-the-book occupancy levels equal to 2019 through the rest of the year. So, it's clear that the trend of people returning to travel that we saw exiting the first quarter continued into the second quarter, and in some cases it's accelerated. This is a great sign that bodes well for our business and the pace of the recovery. When we combine that with our continued execution driving VPG strength and our cost efficiencies, it leaves us confident that we'll achieve 2019's run-rate EBITDA as we exit this year.

Looking at our markets, our regional resorts continue to shine and we are performing well above 2019 levels on strong occupancy and tour flow, which we expect to continue. In our two largest markets, Las Vegas and Orlando, trends were similarly strong and by the end of the quarter had returned to 2019's pace of contract sales. In these markets, we typically have a pretty even level of occupancy across the quarter, but this year we saw a large step-up in June. This coincided with the elimination of capacity restrictions in Las Vegas and the lifting of mask requirements at Disney during the month. These are good signs about where we are in the recovery cycle, since people are willing to return so quickly to these high traffic markets, and are a positive indicator of future trends as attractions and entertainment options return.

In Japan, we continue to engage our owners and drive contract sales through our in-market Japanese sales centers. To date, the government has maintained its strict stance around the pandemic, which we believe will remain in place at least through the Olympics. But even with this headwind, our contract sales in Japan have been consistent at about 70% of 2019's levels. Our new Sesoko project has had great traction since we launched pre-opening sales earlier this year, and intervals in Hawaii have remained popular with the Japanese buyers despite the current travel restrictions in place.

Turning to Hawaii, similar to our other markets, we saw material improvement in our contract sales this quarter, driven by strong domestic occupancy and tours, and we've had success replacing some of the tours that would have historically been filled by the Japanese guests. Our contract sales to domestic buyers in both May and June were record highs and well above the same period in 2019. That drove a nice improvement in contract sales at our Hawaii sales centers, which exited the quarter at two-thirds of our 2019 contract sales pace. The Hawaii Government has recently loosened restrictions as well, freeing up all inter-island travel and eliminating the testing requirements for vaccinated inbound visitors, which should make it even easier for domestic travelers to visit the Islands.

Regarding Japanese tourism to Hawaii, based on conversations with our Japanese owners, we're confident that after two years of being locked out of the Islands we're setting up for a big release of pent-up demand from Japanese owners and travelers once the restrictions are lifted, like we've seen with the robust trends in our other markets. Our best thinking today is that we'll see the beginning of a return to the Islands as we move into the fourth quarter, ramping up through the first half of '22.

Finally, in our urban markets, we've seen some improved trends as restrictions have been eased, although we still expect these markets to recover more slowly than the rest of our system. We have a few properties left to reopen in New York and expect them to be back online by the end of the third quarter, marking our return to full operating capacity as a Company.

Moving to our Customer segment, both owners and new buyers contributed to the inflection in our tour flow, as we saw throughout the quarter. New buyers were particularly strong, with tours up 120% from Q1 levels and returning to 50% of '19's pace, while owner tours were up significantly from the first quarter to reach 75% of 2019's levels. This is a great sign to see new buyers return, and we've got a robust pipeline of over 400,000 packages built up to drive further improvement in that tour flow. From a marketing perspective, our package sales pace has returned to 2019's levels, which fuels that new-buyer tour channel and replenishes our pipeline even as we convert existing packages into tours.

But we've also improved the quality of our pipeline over the course of the pandemic as we've learned to do more with less. We focused on better segmenting our prospects and owners to make every one of those tours count, leading to both improved top-line efficiencies through better close rates and reduced expenses from removing less profitable tours. In fact, Q2 close rates for new buyers were still up nearly 175 basis points versus 2019's levels, and our owner close rate was up 450 basis points. These efforts have driven the VPG outperformance we've seen in both segments, including this quarter.

We faced very difficult comparisons to the record Q2 VPGs last year, which were distorted due to the pause in the operations. But a strong contribution from average price in our Owner segment and a solid close-rate performance from new buyers were key to holding our overall VPGs to nearly $4,400. Looking forward, we still expect VPGs to normalize with mix as our new buyer trends catch up to owners and trend back toward a more balanced mix of owners and new buyer sales. But this theme of sourcing efficiency will carry forward into the post-pandemic world and will be a key driver of NOG, which this quarter returned to growth of 50 basis points.

Looking at our other businesses, those new members and better activity levels drove higher revenues at our Club and Resort segment, although it was offset by higher expenses as we balance our staffing levels to service the increased demand that we're seeing. Our Rental business performed exceptionally well due to the uptick in demand and was only a few million dollars shy of our 2019 revenue levels. Expenses remained higher over the medium term due to the elevated developer maintenance fees, but we've been happy with the margin performance in that business. And our forward bookings for the remainder of the year are still well ahead of 2019's levels, which should support trends for the rest of the year.

Overall, we're carrying great momentum across our business, which aligns well with the anticipated closing of the Diamond Resort acquisition. We received regulatory approval from the SEC in June, along with structuring an upsized financing package at favorable rates, which Dan will cover in more detail. And yesterday, we received shareholder approval to proceed with the transaction, which leaves us on track to close the acquisition in early August.

Our planning has progressed well, and the teams have been working diligently to prepare for day one and beyond. The longer-term integration plan focuses on two areas, which will progress on parallel tracks. The first area is cost efficiency driven through consolidation, with the standardization of our organization, systems, and processes. We expect to generate meaningful savings from the large amount of overlap between our business model, as we mentioned in our announcement.

The second focus is to drive growth through expanded market presence and enhanced consumer value proposition. We'll begin rebranding the Diamond properties under our new Hilton Vacation Club brand in the coming months, and we'll leverage this brand along with a wider range of price points and options to attract a broader market of new buyers. Importantly,

the key is that we view these initiatives as creating material, accretive growth in the coming years.

Diamond has continued to outpace the industry in their recovery, and the strength they are seeing across their portfolio of regional properties mirrors the trends we're seeing at ours. So clearly, our goal is to minimize disruption and not impact their momentum as we integrate our two businesses. We'll provide additional details in the quarters ahead as we move through the process, but we're excited to be nearing the finish line on closing this transaction.

As we look at the business, we're very optimistic. Trends in Q2 improved on the momentum that we saw exiting the first quarter, our largest markets have rebounded nicely, and both of our customer segments are performing well. While some challenges remain, namely the return of Japanese to Hawaii and the recovery of our urban markets, we see their resolution more as a matter of when rather than if. And with regulatory and shareholder approval of the Diamond acquisition, our focus now turns to the closing of the transaction and implementing our integration plans. We look forward to sharing the results of our combined business with you on our next call.

I'll now turn the call over to Dan to walk you through some of the financial details.

Dan.

Daniel Mathewes
Thank you, Mark, and good morning, everyone.

As Melnyk mentioned in his introduction to our call, our results for the quarter included $42 million in sales deferrals impacting reported revenue and net deferrals of $22 million impacting both Adjusted EBITDA and net income. All references to consolidated net income, Adjusted EBITDA, and Real Estate segment results on this call for the current and prior periods will exclude the impact of deferrals and recognitions.

Let's review the results of the quarter. Total revenue in the second quarter was $376 million, up 41% sequentially from the first quarter. We saw sequential improvements in all of our business lines, led by an over 80% sequential improvement in our Real Estate revenue.

Q2 reported Adjusted EBITDA was $92 million, which was up from $60 million last quarter. EBITDA margins for the quarter were 24.5% and were up 230 basis points from Q2 2019 levels. The improvement was driven by strong results from our Real Estate and Rental businesses as top-line trends improved and we maintained solid cost controls. As we noted in our press release, we had $2 million in COVID related benefits in the quarter pertaining to employee retention credits granted under government assistance programs in the U.S. and Japan that were included in Adjusted EBITDA. Removing this benefit would put your comparable Adjusted EBITDA for the quarter at $90 million.

Net Income for the quarter was $31 million.

Within Real Estate, contract sales were $259 million, or 71% of Q2 2019 levels; on tour flow, that more than doubled from the first quarter. VPG was just under $4,400 and remains elevated versus 2019 levels, but it has started to normalize and was down 6% sequentially and down 8% against all-time high levels we saw in the second quarter of last year.

For the quarter, our total close rate was approximately 19%, down 360 basis points versus the elevated levels from the prior year. Although we anticipated this contraction as the business continues to recover towards historical levels, we are really pleased that we held new buyer close rates flat year-over-year against difficult comparisons and above levels achieved historically. That close rate performance drove a slightly higher mix of sales to new buyers this quarter, although it was roughly consistent with the mix of two-third owner sales we've seen since the start of the pandemic.

Our fee-for-service mix for the quarter was 42%.

On the consumer lending side, our provision for bad debt was $28 million and our overall allowance on the balance sheet was $203 million, or 18% of gross financing receivables.

Real Estate SMG&A was $90 million for the quarter, or 34.7% of contract sales, which was down 500 basis points from Q2 2019. Real Estate segment profit was $51 million, which was up substantially from the $21 million we reported in the first quarter. The strong contract sales performance coupled with strict cost controls drove profit margins of 29.1%, up 750 basis points sequentially and up over 75 basis points from Q2 2019 levels; so a great job driving improved flow-through in Real Estate this quarter.

In our Financing business, second quarter segment profit was $26 million with margins of 70%, versus a profit of $30 million and margins of 70% last year. Profit was lower based on a lower average receivable balance this year, although our receivables balance has bottomed and should continue to show sequential improvements from here. Our gross receivable balance was $1.1 billion.

On average, cash down payment year-to-date is 10.8%, and our portfolio average interest rate has increased to 12.62% from 12.56% last year. Over the past three months, we've seen continued sequential improvement in our delinquency rate to 2% of our receivables portfolio, versus 3% at the end of 2020. Delinquency rates are now lower than those experienced in both 2018 and 2019. Our annualized default rate was 6.5%, versus 6.3% at the end of 2020.

Turning to our Resort and Club business, our member count was nearly 329,000 members, and NOG returned to positive growth at 50 basis points as of June 2021. Revenue of $48 million was up 7% from the first quarter of 2021, driven by increased revenue per member due to higher levels of activity on the release of pent-up travel demand. This resulted in Resort revenue of $19 million, which was up versus Q1 as well as versus the second quarter of 2019. Segment profit was $37 million with margins of 77%, versus profit of $33 million and margins of 85% last year. The 2020 results benefited from lower resort expenses owing to the pause in operations in Q2 last year.

Rental and Ancillary revenues were $54 million, up nearly 70% from Q1, driven by a significant improvement in demand for leisure travel. Although all markets experienced an uptick in demand, our properties in Hawaii and Las Vegas saw the most material increases from Q1 2021. Rental and Ancillary expenses were $36 million in the quarter, with segment profit of $18 million and margins of 33%.

Bridging the gap between segment Adjusted EBITDA and total Adjusted EBITDA, corporate G&A was $21 million, which was up $6 million from last year's shutdown-influenced levels. License fees were $19 million, and JV income was $4 million.

Our adjusted free cash flow in the quarter was negative $13 million, which included inventory spend of $47 million. As of June 30, our liquidity position consisted of $318 million of unrestricted cash, $189 million of availability under our revolving credit facility, and $450 million of capacity on the warehouse.

During the quarter, we completed several financing transactions to support our pending acquisition of Diamond Resorts. With strong support from the credit markets, we were able to upsize our planned $675 million senior unsecured notes offering by $175 million to $850 million while maintaining pricing at the tight end of expectations, 5%. On the same day, we successfully marketed a $1.3 billion Term Loan B at LIBOR plus 300, also at the tight end of expectations. This facility will be funded upon closing of the acquisition of Diamond. Two weeks later, we decided to launch a $425 million bond deal, which was upsized to $500 million and priced inside the $850 million notes at 4.875%. This was driven by a solid order book that was just over four times oversubscribed.

These transactions, coupled with our amended credit facility, have refreshed the balance sheet and will provide us with a solid foundation to support our integration efforts, as well as setting us up for success as we operate the new combined business. Ultimately, our debt balance as of June 30, 2021, was comprised of corporate debt of $2.4 billion and a non-recourse debt balance of $650 million. It is important to note that the cash associated with the two bond offerings, $1.35 billion, is on our balance sheet as a part of restricted cash.

Turning to our credit metrics, at the end of Q2, our first lien net leverage for covenant compliance purposes stood at 1.69 times. Our interest coverage ratio for covenant compliance purposes at the end of the quarter was 5.52 times.

We will now turn the call over to the Operator and look forward to your questions.

Operator.

QUESTIONS AND ANSWERS

Operator
Thank you. Ladies and gentlemen, at this time we will be conducting a question-and-answer session.

Our first question comes from the line of David Katz with Jefferies. Please proceed with your question.

David Katz
Hi, good morning, everyone. Thanks for taking my question. Appreciate it.

I wanted to ask about the Diamond. We're obviously waiting with bated breath, as I'm sure you are, to get Diamond closed. Can you just talk about the to-do list immediately upon closing and give us a sense for what that might look like once you get done?

Mark Wang
Sure, David. This is Mark. Good morning to you.

Look, we are extremely excited about this opportunity, and the teams have been working tirelessly to develop our plans. And we have a very, very detailed integration plan that charts out how we're going to be integrating the two companies together. But probably, let me provide a little bit of color on how we are looking at the rebranding process.

And as you know, the rebranding of Diamond and launching a new membership offering are really essential to driving the revenue synergies. You know, our plan right now is that we're going to be introducing a new, compelling membership offer as early as next year, the first part of the year. And the plan is really to position all of our consumer-facing promotions, and all of our marketing is going to be all unified under the Hilton Grand Vacation Company brand. As we talk to customers out there, as we promote our products and offerings, it's going to be all under Hilton Grand Vacation brand.

Today, as you know, Hilton Grand Vacations has its own point-based club and membership program. Diamond has its own point-based membership program. Early next year, we're going to be offering one, new membership program under the HGV flag and we're going to be using one consistent currency for points. And so, that's going to really help us better manage the value proposition and, importantly, create a lot of value in what we're going to be offering.

From a property standpoint, HGV today has two brands. We've got the Hilton Grand Vacation brand, which is our upper upscale brand. We have the Hilton Club brand, which is our luxury offering. As we announced earlier in the year, we are going to be launching and converting the Diamond properties over to our new upscale brand at Hilton Vacation Club. And so that will start in earnest as soon as we close. We're looking to have the first tranche of properties converted over the first half of next year.

Anyways, just stepping back on the membership side, similar to how Hilton Honors works and connects all the brands that Hilton has today, the 18 brands, we're creating this new membership program that's going to really improve the value proposition. And we're going to go to one single currency. It's going to allow us, our members, to have substantially more access and flexibility, more properties. We'll go from 60 properties to 150 properties. Our customers are going to be able to upgrade across the brands, or they can also own multiple brands. Other features, we'll have added Hilton features involved in this, enhanced Honors and Hilton usage. And we're going to be introducing Events of a Lifetime into the program, which we have not had in the past, and that's something that Don has been very proficient at.

We're really excited. I'd say the bulk of the activity is between now and the beginning of next year as we relaunch and start rebranding the properties and we launch our new membership program. Hopefully that gives you a little bit of color on how we're going to proceed on this.

David Katz
It does. And while I have follow-ups, I'm going to respect Mark's rules and get to the back of the line. Thank you.

Mark Wang
All right, thanks.

Operator
Our next question comes from the line of Patrick Scholes with Truist. Please proceed with your question.

Patrick Scholes
Hi, good morning.

Not so dissimilar to the question I asked to Marriott Vacations and also on the T&L call yesterday, how should we think about the loan balance portfolio going into next year? I guess, why don't we just use the legacy portfolio without the acquisition? How should we think about that balance versus what you were for 2019 and as it relates to expectations for the interest income from that. Thank you.

Daniel Mathewes
Hi, Patrick. It's Dan. Thanks.

With regards to our portfolio balance, we're in a bit of a different dynamic than the two other individuals that you asked a similar question to. As you know, in 2018 we announced a large inventory investment in owned inventory, which was really shifting the mix of what percentage of our contract sales were fee-for-service to actually owned/developed. From that perspective, remember that the portfolio under fee-for-service stays with the developer. And we only service those portfolios; we do not garner the benefit of the financing and the mortgages.

As we shift to owned, which started in 2018, you will see our portfolio start to grow, and that will be consistent with Diamond, because all of their inventory is actually owned as well. What I would say is, we officially bottomed out from our portfolio and we expect to grow from here.

Now, 2021 is clearly not going to be back to where 2019 was. You're looking to be in a similar neighborhood in 2022, probably slightly below because you do have to build back up. As you will recall, the pre-COVID portfolio balance was about $1.3 billion. We're now down to $1.1 billion. But we anticipate growth going forward, especially on that front.

Patrick Scholes
Okay, thank you. And then just a quick housekeeping follow-up. After the issuance of the shares with the Diamond transaction, just for modeling purposes, what would be the diluted share count? And I note in your earnings release you don't give it for what it was for Q2. What should we be ballpark using for modeling?

Daniel Mathewes
Well, gosh, I want to say, just round numbers, 88 million plus 34.

Patrick Scholes
Okay. Okay, fair enough, thank you.

Operator
Our next question comes from the line of Brandt Montour with J.P. Morgan. Please proceed with your question.

Brandt Montour
Hello, everyone. Good morning, and thanks for taking my questions.

Quick follow-up, Mark, to your explanation of the new sort of umbrella membership program for the combined system. I guess the question is, does that program require legacy HGV deed owners to opt in or upgrade into that program, or trade in into that program, and do you need a certain level of that activity in let's say Hawaii, because there's a lot of Japanese owners in

Hawaii, for a U.S. potential buyer to buy, to be able to access Hawaii? Could you just explain that a little bit more, because it's obviously pretty complex? Thank you.

Mark Wang
No, you're right. It is, Brandt. Anyways, very good question. It is complex, and obviously I just touched on some of the complexity and some of the strategy.

What's going to happen going forward is anybody that's bought in the past, whether it's a HGV member or a Diamond member, their rights to what they purchased in the past will not be disrupted at all. They will continue to have their current rights under their current program, current membership. What we're launching is a new membership.

The new membership requirements to buy into the new membership is you can either buy the membership outright, or if you upgrade going forward, whether you upgrade into any one of our three brands, you will then get the new membership. This is really incremental. We're going to be basically starting from zero and building a new member. We're going to be offering this new membership going forward. Hopefully, this will be an incentive to drive additional upgrades.

We think the value proposition will be much better for our new buyers, as we'll have wider price points. And we also know that this will help our ability to reach even deeper into the Hilton database.

Brandt Montour
Okay, that makes a lot of sense. Thank you for that.

And then also on Diamond, just what you've learned over the last three months about their business, and you know, I guess specifically, you did mention that their recovery is mirroring yours. If you can add any color to that, how the Diamond consumer is fairing and, yes, how that business has performed over the last two months, that would be helpful.

Mark Wang
Yes, we said it in our prepared remarks that they're performing very well. And their recovery is based on what we've heard over the last couple days and really at the top of the industry. And I think a lot of it has to do with, first of all, great execution, but their footprint drive to and regional markets is really playing out well in this recovery of the pandemic. You know, obviously after we close, we'll be in a better position to share more on the business, and we look forward to really updating everybody on the progress going forward.

We're very pleased with the momentum of their business, and it really sets us up well as the momentum of our business has also been very, very positive too. The timing couldn't be better, really, to put these two companies together.

Daniel Mathewes
And Brandt, this is Dan.

Just on that point, Diamond is planning to release their second quarter earnings, I believe, tomorrow and posted on their website very similar to what they did in the first quarter. You will be able to see that directly from them tomorrow.

Brandt Montour
Perfect. Thanks, everyone.

Operator
There are no further questions in the queue. I would like to hand the call back to Mark Wang for closing remarks.

Mark Wang
All right, well thanks, everyone, for joining us this morning.

And thanks again to all of our team members for their hard work and dedication in providing our guests with a safe and memorable experience when they're traveling with us.

We look forward to talking to you in a few months. Thank you.

Operator
Ladies and gentlemen, this does conclude today's teleconference. Thank you for your participation. You may disconnect your lines at this time and have a wonderful day.