**Peer group analysis**

A, Marriott International Inc. (Marriott)

B, Hilton Worldwide Holdings Inc. (Hilton)

C, Intercontinental Hotels Group Plc. (IC)

D, Hyatt Hotels Corp. (Hyatt)

E, Wyndham Hotels and Resorts Inc. (Wyndham)

Data: 2023 FY report

Price: 29.12.2023. closing price

1, P/E

On P/E multiple using the median, Marriott, IC and Wyndham are fairly priced, Hilton and Hyatt are overvalued. When considering the mean, Marriott, IC and Wyndham become undervalued and Hilton and Hyatt remain overvalued. The high P/E for these two skew the mean. In this case it seems a better bet to move on with the median.

2, P/BV

Marriott, Hilton and IC returns a negative P/BV ratio meaning they have more liabilities than assets. This requires further investigation. Hyatt’s and Wyndham’s higher than ‘1’ ratio means that they trade higher than their book value indicating possible overvaluation by the market on this metric. In this case, the median is a better option to use.

3, EV/EBITDA

The companies are more balanced on this ratio, also shown by the nearly identical median and mean. The ratio is in the overvalued territory in all cases if we consider the generally accepted healthy ratio of 10 or below however considering that we are looking at very similar businesses in the same sector it is possible that the range is the normal. IC and Wyndham being somewhat in the more investing friendly range.

4, EBITDA/revenue

Hyatt have the lowest operating efficiency and profit making capability amongst the companies. Wyndham also falls below the median and mean which are again nearly identical. It seems that this sector returns approx.. 50% EBITDA margin on average.

5, ROE

Negative return on equity in the cases of Marriott, Hilton and IC is due to negative shareholders’ equity, liabilities exceed assets. This does not mean that they are bad investments but exceeding liabilities have to be looked at. The median provides a better understanding of the sector average however even Hyatt and Wyndham are returning fairly abysmal numbers so a longer time period has to be investigated to establish long term sector trend.

6, Debt/equity

Following on from ROE, negative equity returned negative D/E in the case of Marriott, Hilton and IC. It just possibly means that these companies are ‘upside down’ on their loans. The value of their assets fell under the value of their liabilities. Hyatt and Wyndham D/E ratio is above the norm, they are likely to finance their operations primarily with debt. Looking at the median and mean, both negative, further years have to be looked at to get a more realistic long term picture.

Marriott and IC seem to be low on the price ratios but high on the efficiency, profitability ratios. Worth investigating debt and its usage, shareholders’ equity to see if there is an opportunity there.