

Establishing Target Prices On Hold-Rated Stocks

- *Due to a change in firm policy, we are establishing 12-month target prices for Hold-rated stocks under coverage. See below for updated target prices and multiples across our coverage universe.*
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- **Extended Stay America (STAY; Hold; \$14.40).** Our target price of \$15 reflects a 9.0x multiple on 2018E EBITDA of \$611 million. Risks To Our Target Price: Lodging is correlated to the overall health of the economy. A prolonged economic downturn could have adverse effects on sector performance.
 - **Hyatt Hotels Corporation (H; Hold; \$50.19).** Our target price of \$48 reflects a 10.5x multiple on 2018E EBITDA of \$817 million. Risks To Our Target Price: Lodging is correlated to the overall health of the economy. A prolonged economic downturn could have adverse effects on sector performance.
 - **La Quinta Holdings (LQ; Hold; \$10.73).** Our target price of \$10.25 reflects an 8.1x multiple on 2018E EBITDA of \$350 million. Risks To Our Target Price: Lodging is correlated to the overall health of the economy. A prolonged economic downturn could have adverse effects on sector performance.
 - **Marriott International (MAR; Hold; \$68.69).** Our target price of \$65 reflects a 10.4x multiple on 2018E EBITDA of \$1.963 billion. Risks To Our Target Price: Lodging is correlated to the overall health of the economy. A prolonged economic downturn could have adverse effects on sector performance.
 - **Starwood Hotels & Resorts Worldwide (HOT; Hold; \$75.45).** Our target price of \$73 reflects the deal price which equates to 0.8x of our target price for MAR and \$21/share in cash. Risks To Our Target Price: Lodging is correlated to the overall health of the economy. A prolonged economic downturn could have adverse effects on sector performance.



STIFEL LODGING VALUATION TABLE

Ticker	Company	Rating	Closing Price	52-Week Price Range		Dividend	Dividend Yield	Shares Out. (mil.)	EPS/FFO		EPS/FFO Growth		Price/EPS/FFO	
			9/16/2016	Low	High				2016E	2017E	2016E	2017E	2016E	2017E
C-Corporations														
CHH	Choice Hotels International	NC	\$46.44	\$40.78	\$54.66	\$0.82	1.8%	56.7	\$2.40	\$2.61	8.3%	8.7%	19.4x	17.8x
STAY	Extended Stay America	H	\$14.40	\$10.56	\$19.86	\$0.76	5.3%	200.7	\$0.94	\$1.04	-1.2%	11.0%	15.3x	13.8x
HLT	Hilton Worldwide Holdings	NC	\$23.03	\$16.16	\$26.27	\$0.28	1.2%	991.0	\$0.95	\$1.11	17.3%	16.8%	24.2x	20.7x
H	Hyatt Hotels Corporation	H	\$50.19	\$34.06	\$54.82	\$0.00	0.0%	132.3	\$1.50	\$1.58	66.6%	4.9%	33.4x	31.8x
LQ	La Quinta Holdings	H	\$10.73	\$9.42	\$19.22	\$0.00	0.0%	116.8	\$0.58	\$0.57	6.9%	-2.6%	18.5x	19.0x
MAR	Marriott International	H	\$68.69	\$56.43	\$79.88	\$1.20	1.7%	258.0	\$3.77	\$4.20	19.9%	11.4%	18.2x	16.3x
VAC	Marriott Vacations Worldwide	B	\$75.94	\$45.95	\$80.27	\$1.20	1.6%	27.5	\$4.69	\$5.31	27.0%	13.2%	16.2x	14.3x
HOT	Starwood Hotels & Resorts	H	\$75.45	\$52.64	\$79.55	\$1.50	2.0%	168.0	\$2.97	\$3.02	-4.6%	1.8%	25.4x	25.0x
WYN	Wyndham Worldwide Corp.	B	\$67.78	\$60.59	\$82.99	\$2.00	3.0%	110.4	\$5.71	\$6.40	11.8%	12.0%	11.9x	10.6x
Average/Weighted Average							1.7%				17.1%	10.6%	21.8x	19.8x

Sources: Stifel estimates, FactSet, company data

(B=Buy, H=Hold, NR=Not Rated, NC=Not Covered, SU=Suspended Rating)

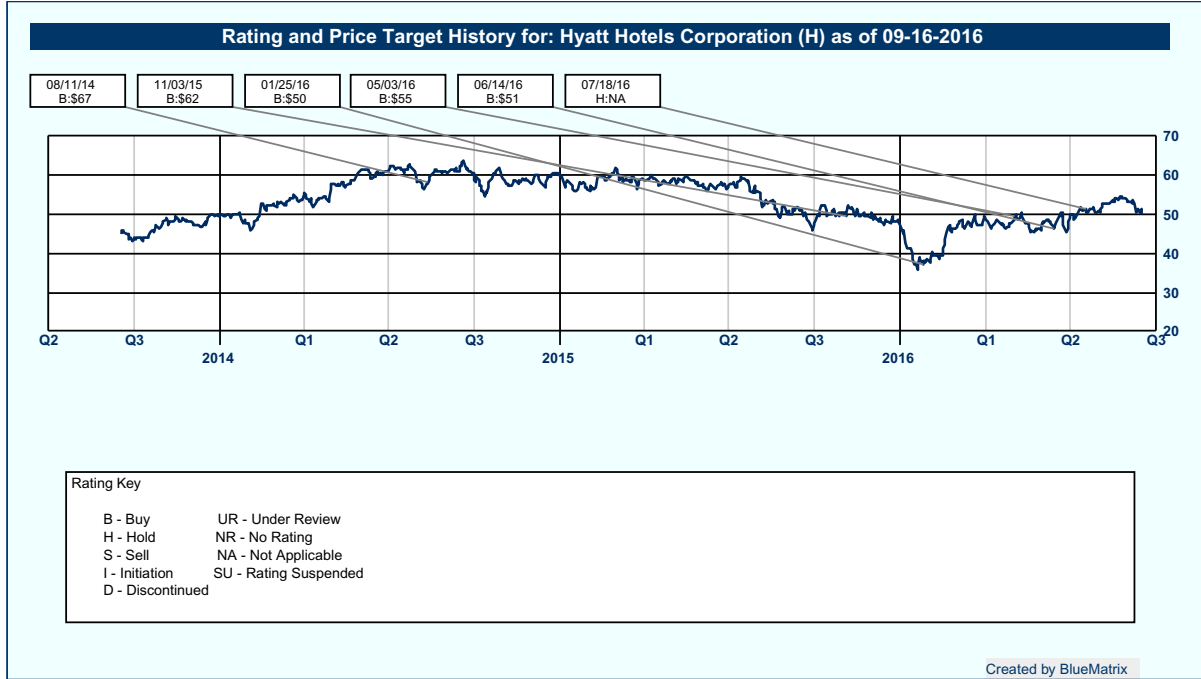
STIFEL LODGING CAPITAL STRUCTURE

Ticker	Company	Closing Price 9/16/2016	Shares Out.	Equity Mkt. Cap	Debt	Non conv. Pref.	Cash	Enter- prise Value	Net Debt/ Enterprise Value	Net Debt to 2017E EBITDA	2015 EBITDA	2016E EBITDA	2017E EBITDA	2016E EBITDA % growth	2017E EBITDA % growth	2015 EV/ EBITDA	2016E EV/ EBITDA	2017E EV/ EBITDA
C-Corporations																		
CHH	Choice Hotels International	\$46.44	56.7	\$2,634	\$892	\$0	\$195	\$3,332	20.9%	2.6x	\$ 237	\$ 252	\$ 270	6.5%	7.1%	14.1x	13.2x	12.3x
STAY	Extended Stay America	\$14.40	200.7	\$2,890	\$2,636	\$0	\$137	\$5,389	46.4%	4.0x	\$ 603	\$ 603	\$ 623	-0.1%	3.4%	8.9x	8.9x	8.7x
HLT	Hilton Worldwide Holdings	\$23.03	991.0	\$22,823	\$10,303	\$0	\$810	\$32,316	29.4%	3.2x	\$ 2,783	\$ 2,765	\$ 3,007	-0.6%	8.8%	11.6x	11.7x	10.7x
H	Hyatt Hotels Corporation	\$50.19	132.3	\$6,642	\$2,287	\$0	\$419	\$8,510	22.0%	2.4x	\$ 727	\$ 764	\$ 789	5.1%	3.2%	11.7x	11.1x	10.8x
LQ	La Quinta Holdings	\$10.73	116.8	\$1,253	\$1,712	\$0	\$64	\$2,901	56.8%	4.5x	\$ 395	\$ 367	\$ 366	-7.1%	-0.1%	7.4x	7.9x	7.9x
MAR	Marriott International	\$68.69	258.0	\$17,722	\$4,360	\$0	\$679	\$21,403	17.2%	1.9x	\$ 1,618	\$ 1,774	\$ 1,906	9.6%	7.4%	13.2x	12.1x	11.2x
VAC	Marriott Vacations Worldwide	\$75.94	27.5	\$2,086	\$82	\$0	\$219	\$1,949	-7.0%	-0.5x	\$ 236	\$ 266	\$ 282	12.6%	6.0%	8.3x	7.3x	6.9x
HOT	Starwood Hotels & Resorts	\$75.45	168.0	\$12,676	\$2,597	\$0	\$1,597	\$13,676	7.3%	0.8x	\$ 1,107	\$ 1,163	\$ 1,230	5.0%	5.8%	12.4x	11.8x	11.1x
WYN	Wyndham Worldwide Corp.	\$67.78	110.4	\$7,483	\$3,374	\$0	\$436	\$10,421	28.2%	2.0x	\$ 1,296	\$ 1,374	\$ 1,449	6.0%	5.5%	8.0x	7.6x	7.2x
Average/Weighted Average									21.9%	2.2x				4.4%	6.7%	11.6x	11.1x	10.4x

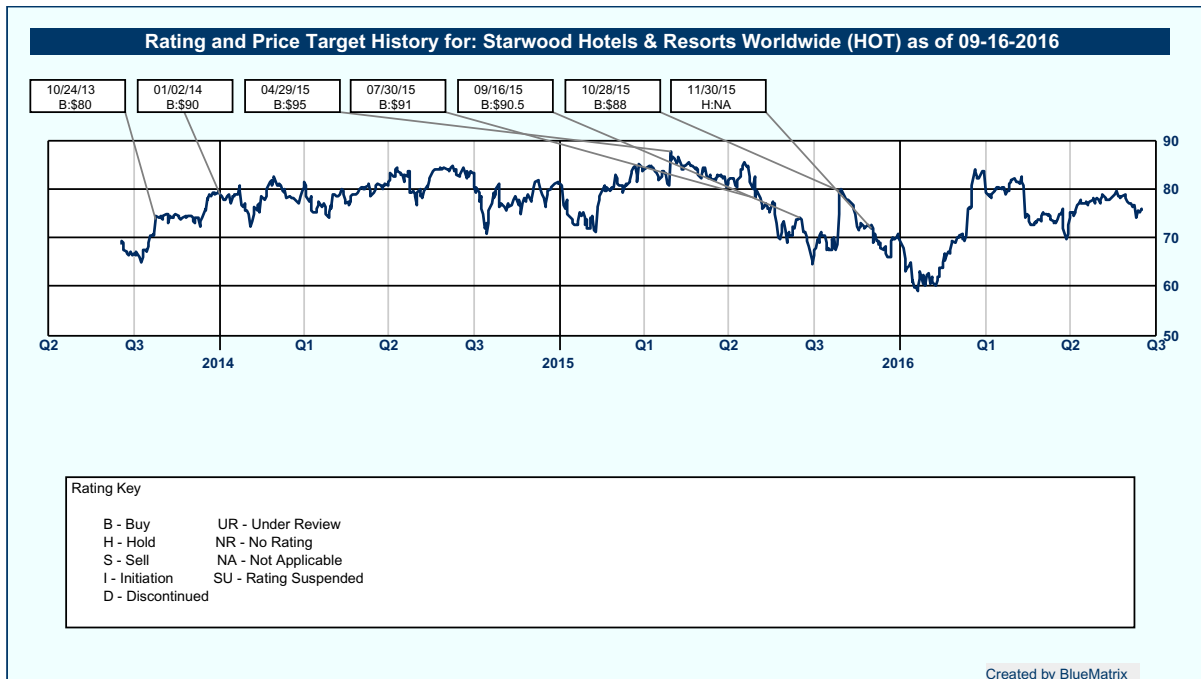
Sources: Stifel estimates, FactSet, company data

Important Disclosures and Certifications

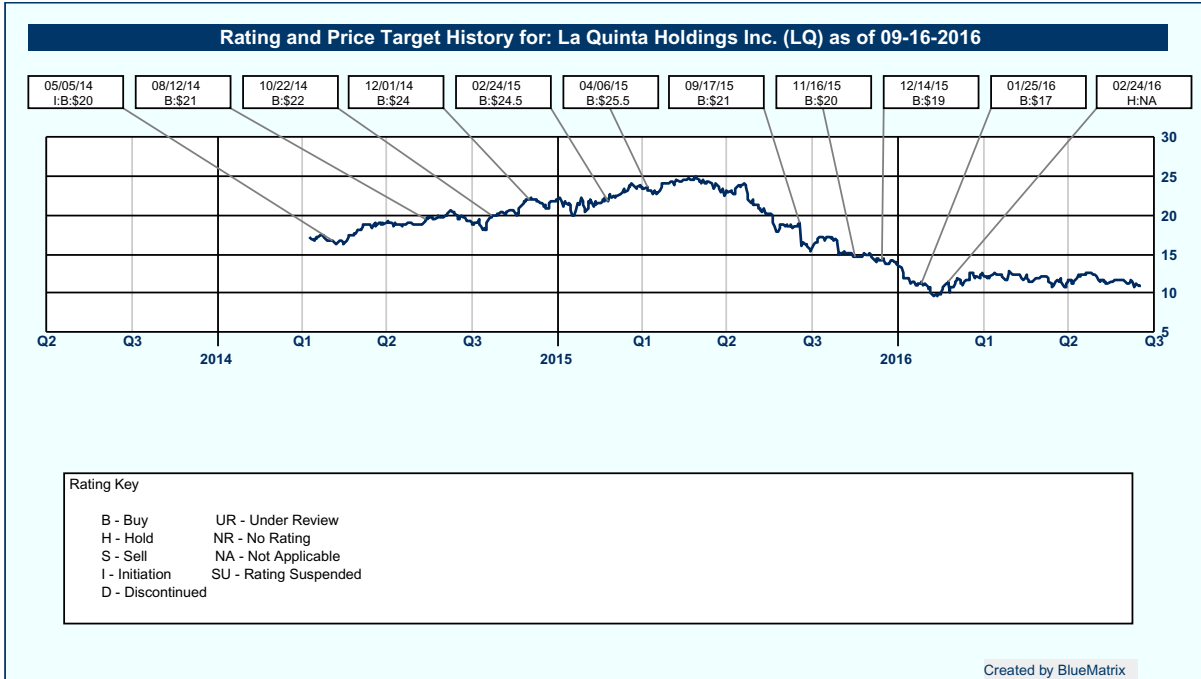
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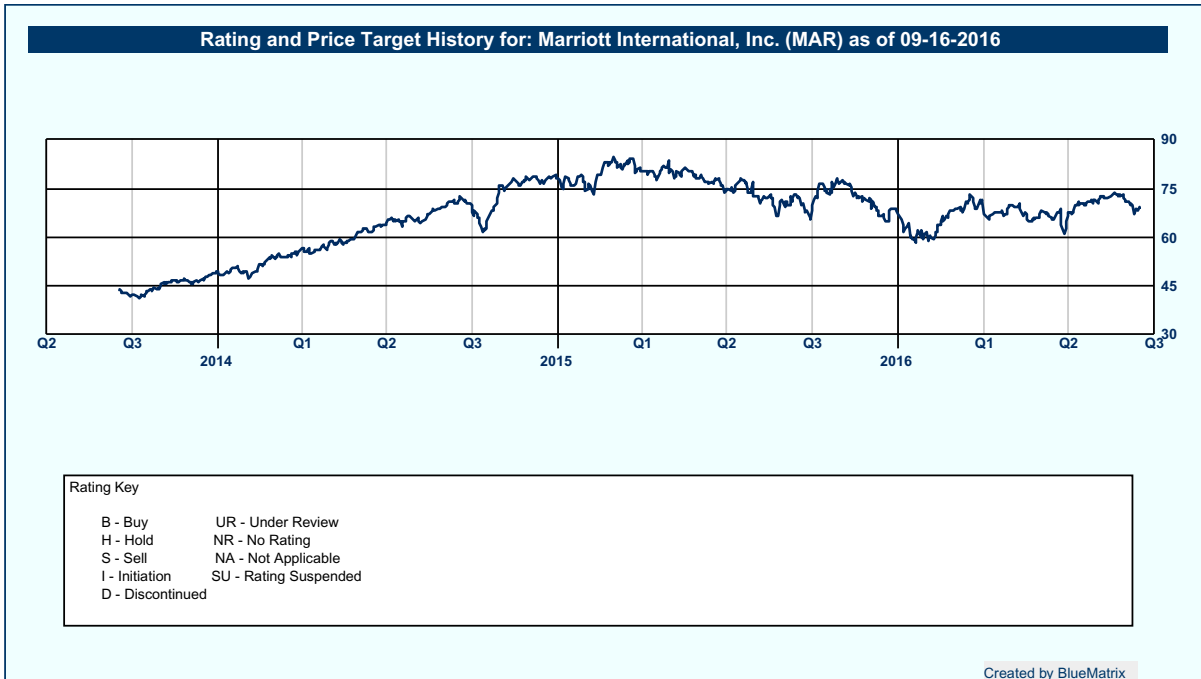
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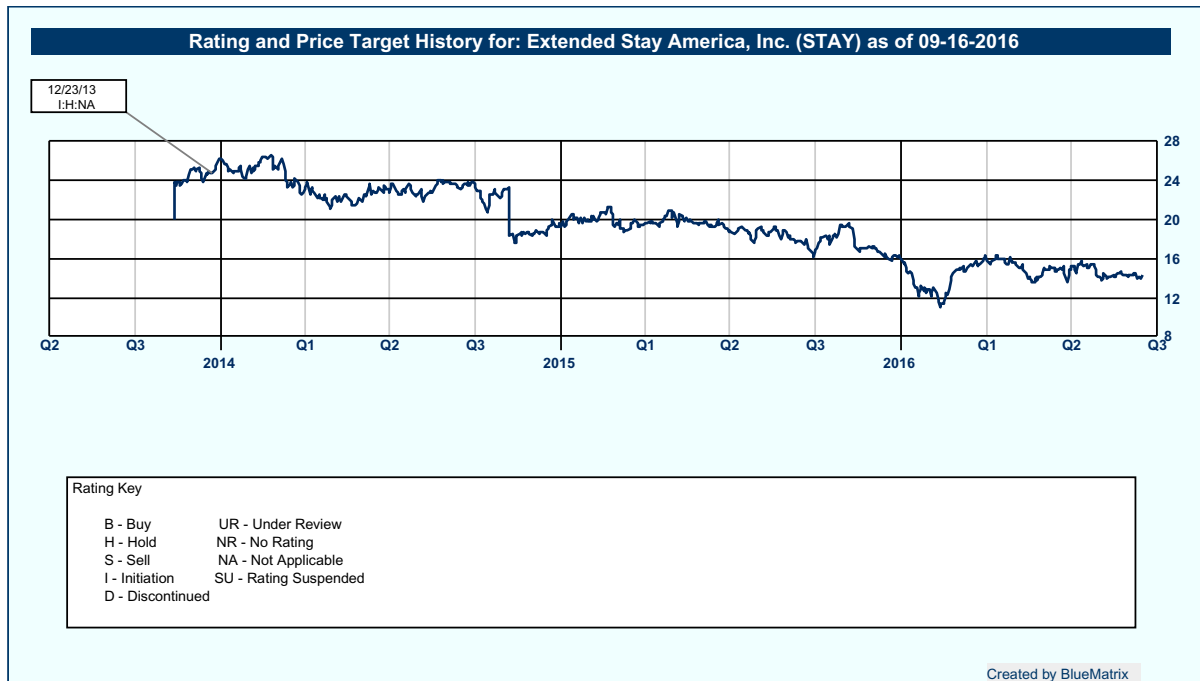
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