

Sector View

Hotels

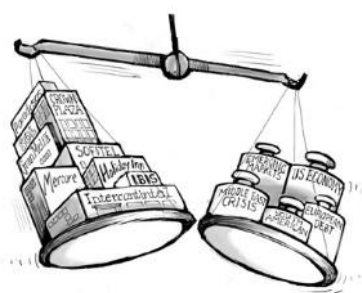
	1 M	3 M	6 M	31/12/15
Travel&Leisure	8.7%	-3.2%	0.0%	-7.9%
DJ Stoxx 600	10.3%	-1.4%	-2.5%	-5.8%

*Stoxx Sector Indices

Starwood Hotels & Resorts: The unsolicited offer from Anbang

Starwood Hotel & Resorts Worldwide announced that it has received a non-binding offer from a consortium of companies to acquire all the outstanding shares of common stock of Starwood for US\$76 per share in cash. **This implies upside of 16% compared with about US\$11bn from Marriott's representing US\$65.4.** Having received a waiver from Marriott, Starwood commenced discussions with the consortium on 11th of March. The waiver expires on 17th March.

ANALYSIS



- Starwood Hotel & Resorts Worldwide has announced that it has received a non-binding offer from a **consortium of companies to acquire all the outstanding shares of common stock of Starwood for US\$76 per share in cash**. The consortium is led by China's Anbang Insurance Group Co. Chinese investment firm Primavera Capital Group and J.C. Flowers & Co. are also part of the consortium making the offer.
- The offer represents a premium of 7.9% to Starwood's closing price last Friday (i.e. US\$70.4) valuing Starwood at a **total of US\$12.8bn, up 16% compared with about US\$11bn from Marriott's** cash and stock deal announced in November 2015 representing US\$65.4 per share (i.e. 0.92 share of Marriott International and US\$2 in cash for each share of Starwood i.e. \$10.5 billion of Marriott common stock, based on the 20-day VWAP of Marriott common stock ending on March 11, 2016, and \$339 million of cash). Remember that Starwood stockholders will also receive whatever the offer approximately US\$5.50 per share from the spin-off of the Starwood timeshare business and subsequent merger with ILG (Internal Leisure Group).
- Starwood's Board has not changed its recommendation** in support of the group merger with Marriott. Nevertheless, having received a waiver from Marriott, Starwood commenced discussions with the consortium on 11th of March. The waiver expires on 17th March. Note that if Starwood were to terminate its existing merger with Marriott, it would owe to Marriott a US\$400m cash termination fee.

VALUATION

	Last	EV		EV/Sales		EV/EBITDA		EV/EBIT		PER	
		2016e	2017e	2016e	2017e	2016e	2017e	2016e	2017e	2016e	2017e
MARRIOTT INTL.'A'	70,93	22 619	23 300	1,45	1,35	11,90	10,72	14,26	12,62	19,1	16,2
CHOICE HOTELS INTL.	52	3 540	3 490	3,93	3,80	13,90	13,12	14,56	13,70	22,2	20,3
HILTON WORLDWIDE HDG.	2 850	11 450	11 247	6,40	6,06	14,46	13,48	16,31	15,08	21,7	18,9
STARWOOD HTLS.& RSTS.	76	13 914	13 752	2,62	2,61	12,59	12,11	17,79	16,78	26,8	24,7
WYNDHAM	76	11 521	11 508	1,98	1,91	8,37	7,96	10,12	9,66	13,5	12,1
Average				3,28	3,15	12,24	11,48	14,61	13,57	20,66	18,47

Source : Company Data; Bryan Garnier & Co. ests.

	Last price	EV		EV/Sales		EV/EBITDA		EV/EBIT		PER	
		2016e	2017e	2016e	2017e	2016e	2017e	2016e	2017e	2016e	2017e
ACCOR	39,17	9 718	9 650	1,66	1,56	8,90	7,61	12,83	10,66	21,6	18,4
IHG	2850	11 450	11 247	6,40	6,06	14,46	13,48	16,31	15,08	21,7	18,9
MELIA	10,21	2 693	2 522	1,55	1,47	9,51	8,64	14,82	12,92	26,2	20,5
NH HOTELS	4,29	2 368	2 321	1,59	1,51	12,14	10,45	22,38	17,51	44,2	26,0
MILLENIUM	422,60	198	196	2,31	2,24	8,80	8,39	11,71	11,14	16,3	15,5
WHITBREAD	3932,00	803	826	2,73	2,52	10,65	9,79	14,14	13,03	16,7	15,4
REZIDOR	34,80	648	625	0,63	0,61	5,62	4,93	8,75	7,37	14,0	11,7
Average				2,41	2,28	10,01	9,04	14,42	12,53	22,96	18,06

Source : Company Data; Bryan Garnier & Co. ests.

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Distribution of stock ratings

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NEUTRAL ratings 0%

SELL ratings 28%

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