

## HOTELS

# Hilton posts a Q4 profit, looks to 2022 with optimism

By Tovin Lapan  | Feb 16, 2022



Hilton recorded \$148 million in net income in the final quarter of 2021. Photo Credit: Dorde/Shutterstock.com

Hilton posted a profit in the final quarter of 2021, and CEO Chris Nassetta expressed broad optimism for continued growth in 2022 during the company's fourth-quarter earnings call.

For the last three months of 2021, Hilton's net income was \$148 million, bringing the total annual figure to \$407 million. The company reported a \$109 million net loss in the first quarter, \$128 million net income in the second quarter, and \$240 million net income in the third quarter.

For comparison, in 2020 Hilton reported a loss of \$720 million for the year and \$225 million for the fourth quarter. In 2019 the company's income was \$886 million for the year and \$176 million for the fourth quarter.

"Although new variants of the virus have had some short-term impact, we are optimistic about the acceleration of recovery across all segments during 2022," Nassetta said. "We remain confident in the future of our business and our ability to continue to drive strong net unit growth and free cash flow, fueled by higher margins."

He touted the company's efforts to improve margins during the pandemic with efficiencies, including opt-in housekeeping services at some properties and reconfigured breakfast options.

Hilton's average daily rate for the year was \$129, a nearly 13% increase compared to 2020 but still 11% below the 2019 ADR of \$145. Systemwide comparable revenue per available room (RevPAR) increased 60% for the year compared with 2020 but remained 30% below the 2019 figure.

The omicron variant slowed momentum for business travel, with a drop-off in December following rising demand in October and November. Nassetta, citing STR's prediction of 92% of pre-pandemic business travel returning in 2022, said he is increasingly optimistic for a strong recovery, especially in the final six months of the year.

"I believe in the second half of the year we will be in an entirely different environment across the globe," he said. "The first half of the year is evolving at a slightly different pace, but once we get to the second half of the year I think the whole world will be broadly open, unlike anything we've seen in the last two years."

Looking outside the U.S., the Middle East has come back to pre-pandemic levels the fastest, Nassetta said, and he anticipates Europe will be the next region to see significant reopening and travel growth, followed by Asia.

Hilton added 94 hotels totaling 16,100 rooms to its portfolio in the fourth quarter, with net unit growth of 13,100 rooms. For the year, the company opened 414 new hotels for a net addition of 55,100 rooms representing 5.6% unit growth. The company anticipates unit growth for 2022 to be 5% but is aiming for a rate in the 6% to 7% range in the near future.

Notable Hilton openings in the fourth quarter include the Conrad Tulum Riviera Maya and all-inclusive Hilton Cancun both in Mexico, and the Conrad Jiuzhaigou in China.

Additionally, the Hampton by Hilton brand represented nearly a third of unit growth for the company in the fourth quarter, with 30 openings representing 4,300 rooms.

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