

HYATT HOTELS CORP

FORM 8-K

(Current report filing)

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Address	71 SOUTH WACKER DRIVE 12TH FLOOR CHICAGO, IL 60606
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): February 1, 2013

HYATT HOTELS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-34521
(Commission
File Number)

20-1480589
(IRS Employer
Identification No.)

71 South Wacker Drive, 12th Floor
Chicago, IL
(Address of principal executive offices)

60606
(Zip Code)

Registrant's telephone number, including area code: (312) 750-1234

Former name or former address, if changed since last report: Not Applicable

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 8.01: Other Events.

On February 1, 2013, Hyatt Hotels Corporation (the “Company”) issued a press release announcing that a Hyatt affiliate has signed management agreements with affiliates of Constellation Hotels Holding Ltd., adding four hotels in France and more than doubling the number of Hyatt locations in the country (such transactions being referred to herein as the “Portfolio Transaction”). The full text of the press release is attached as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

The Company is also filing under Item 8.01 of this Current Report on Form 8-K the presentation “Management Agreements for Four Hotels In France, February 1, 2013” regarding the Portfolio Transaction, posted on www.investors.hyatt.com under the “News & Events” section. The copy of the presentation is attached as Exhibit 99.2 to this Current Report on Form 8-K and is incorporated herein by reference.

Item 9.01: Financial Statements and Exhibits.

(d) Exhibits.

- 99.1 Hyatt Hotels Corporation Press Release, dated February 1, 2013
- 99.2 Investor Presentation – Management Agreements for Four Hotels In France, February 1, 2013

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Hyatt Hotels Corporation

Date: February 1, 2013

By: /s/ Gebhard F. Rainer
Gebhard F. Rainer
Executive Vice President, Chief Financial Officer

INDEX TO EXHIBITS

<u>Exhibit Number</u>	<u>Exhibit Description</u>
99.1	Hyatt Hotels Corporation Press Release, dated February 1, 2013
99.2	Investor Presentation – Management Agreements for Four Hotels In France, February 1, 2013

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FOR IMMEDIATE RELEASE

**HYATT EXECUTES ON GROWTH STRATEGY
 WITH FOUR HOTELS IN FRANCE**

Hyatt announces signing of management agreements for hotels in Paris, Cannes and Nice; locations include iconic and historic buildings dating back to 1855

CHICAGO (February 1, 2013) – Hyatt Hotels Corporation (NYSE: H) today announced that a Hyatt affiliate has signed management agreements with affiliates of Constellation Hotels Holding Ltd., adding four hotels in France and more than doubling the number of Hyatt locations in the country.

The agreements will enable Hyatt to establish and enhance brand representation in highly visible locations in some of Europe’s key high-barrier-to-entry markets, consistent with the company’s strategy of increasing the long-term presence of its brands in gateway cities.

The hotels, which will be converted to Hyatt brands beginning in April 2013, will add more than 1,700 rooms to Hyatt’s existing hotel portfolio in France, which includes Park Hyatt Paris Vendome, Hyatt Paris Madeleine and Hyatt Regency Paris Charles de Gaulle. The hotels will be rebranded as follows:

- Hotel Martinez will be rebranded Grand Hyatt Cannes Hotel Martinez
- Palais de la Mediterranée Hotel and Casino will be rebranded Hyatt Regency Nice Palais de la Mediterranée
- Concorde Lafayette will be rebranded Hyatt Regency Paris Etoile
- Hotel du Louvre will enter the Hyatt brand family with its identity intact and will be marketed initially as Hotel du Louvre. Following a renovation, the hotel is to become an Andaz.

Each of the four hotels will undergo a renovation. All hotels can be booked via Hyatt’s reservation systems beginning in April.

The hotels are based in some of France’s most sought-after locations, from the most prestigious tourist destinations and commercial districts in Paris to the exclusive Boulevard de la Croisette in Cannes and the Promenade des Anglais in Nice.

Peter Fulton, Group President, EAME/Southwest Asia for Hyatt, commented: “We continue to grow in a thoughtful way, focusing on the key destinations where Hyatt guests are traveling. Paris and Cannes are France’s two most important cities for business and leisure travel, and Nice is one of the most in-demand resort areas in the world.

“We look forward to becoming good stewards of these hotels, each of which has a proud and long-established cultural heritage. With the strength of our service culture, the relevance of our brands to today’s global travelers, the depth of our operational expertise, and the reach of our reservation systems and loyal guest network, we believe Hyatt will bring great value to these hotels, to their new owners and to our new associates.”

Peter Norman, Senior Vice President, Real Estate and Development, EAME for Hyatt, said: “There is significant demand for our brands in Europe, and we are delighted to expand our representation in these high-barrier-to-entry markets with a single transaction. These destinations have consistently high demand – according to the Paris Convention and Visitors office, Paris alone is the largest hotel market in Continental Europe – which gives us a fantastic opportunity to increase awareness of all Hyatt has to offer.”

Zaki El Guiziri, Co-Chief Executive Officer, Constellation Hotels Holding Ltd., said: “Hyatt has a reputation for excellence around the world and we believe their expertise and brand reputation will add significant value to an already impressive collection of hotels. We are looking forward to executing significant renovation work at the hotels in order to maintain their historical position as world-class properties.”

Hotel Overview

Hyatt Regency Paris Etoile (Concorde Lafayette)

Easily accessible from all of Paris’ major tourist and business districts, Concorde Lafayette is the only hotel with direct access to Palais des Congrès – the largest conference venue in Europe – and hosts approximately 120 conferences per year. The hotel offers 950 guestrooms, including 21 suites, and features a concierge club, two bars, two restaurants and 37,000 square feet of conference space. Hyatt Regency Paris Etoile will offer a full range of services and dining options to business and leisure travelers.

Grand Hyatt Cannes Hotel Martinez (Hotel Martinez)

Situated in a prime location on the exclusive Boulevard de la Croisette, overlooking the Bay of Cannes and the Mediterranean Sea, Hotel Martinez benefits from Cannes’ status as France’s second most important city for business tourism and is one of the prime destinations for exhibitions and conventions. The hotel consists of 409 guestrooms, including 27 suites, and features a private beach and the only 2-star Michelin gastronomic restaurant in Cannes. With nearly 27,000 square feet of conference space, it is one of the city’s largest conference facilities. Grand Hyatt Cannes Hotel Martinez will provide sophisticated, upscale accommodations to business and leisure travelers.

Hyatt Regency Nice Palais de la Méditerranée (Palais de la Méditerranée Hotel and Casino)

The hotel boasts an excellent location in the city center and prominent beach frontage. Palais de la Méditerranée Hotel and Casino consists of 188 guestrooms, including 12 suites, many of which have individual terraces with unobstructed views of the sea. It also offers extensive conference and banqueting facilities totaling 20,000 square feet. Hyatt Regency Nice Palais de la Méditerranée will offer a full range of services and dining options to business and leisure travelers.

Hotel du Louvre

Centrally located in one of the most sought-after tourist and commercial districts in Paris, this highly visible historic building is well served by restaurants, high-end shops and art galleries. Following a two-to-three year renovation, the hotel is to become an Andaz.

For more information, please see the related presentation, which can be accessed by selecting 'Presentations' on the News & Events section on Hyatt's Investor Relations website, www.investors.hyatt.com.

Note to Editors

Images are available; please contact Amy Patti at Amy.Patti@hyatt.com.

About Hyatt Hotels Corporation

Hyatt Hotels Corporation, headquartered in Chicago, is a leading global hospitality company with a proud heritage of making guests feel more than welcome. Thousands of members of the Hyatt family strive to make a difference in the lives of the guests they encounter every day by providing authentic hospitality. The Company's subsidiaries manage, franchise, own and develop hotels and resorts under the **Hyatt**®, **Park Hyatt**®, **Andaz**®, **Grand Hyatt**®, **Hyatt Regency**®, **Hyatt Place**® and **Hyatt House**™ brand names and have locations on six continents. **Hyatt Residential Group, Inc.**, a **Hyatt Hotels Corporation** subsidiary, develops, operates, markets or licenses **Hyatt Residences**™ and **Hyatt Residence Club**™. As of September 30, 2012, the Company's worldwide portfolio consisted of 496 properties in 45 countries. For more information, please visit www.hyatt.com.

About Constellation Hotels Holding Ltd.

Constellation is a Luxembourg-based holding company, whose main focus is the long-term investment and development of real estate and hotels across the globe. Constellation currently holds a portfolio of five-star hotels and office buildings in the main European capitals.

FORWARD LOOKING STATEMENT

Forward-Looking Statements in this press release, which are not historical facts, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include statements about our plans, strategies, occupancy and ADR trends, market share, the number of properties we expect to open in the future, our expected adjusted SG&A expense, capital expenditures, depreciation and amortization expense and interest expense estimates, financial performance, prospects or future events and involve known and unknown risks that are difficult to predict. As a result, our actual results, performance or achievements may differ materially from those expressed or implied by these forward-looking statements. In some cases, you can identify forward-looking statements by the use of words such as "may," "could," "expect," "intend," "plan," "seek," "anticipate," "believe," "estimate," "predict," "potential," "continue," "likely," "will," "would" and variations of these terms and similar expressions, or the negative of these terms or similar expressions. Such forward-looking statements are necessarily based upon estimates and assumptions that, while considered reasonable by us and our management, are inherently uncertain. Factors that may cause actual results to differ materially from current expectations include, among others, general economic uncertainty in key global markets, the rate and pace of economic recovery following economic downturns; levels of spending in business and leisure segments as well as consumer confidence; declines in occupancy and average daily rate; limited visibility with respect to short and medium-term group bookings; the impact of hotel renovations; our ability to successfully execute and implement our organizational realignment and the costs associated with such organizational realignment; our ability to successfully execute and implement our common stock repurchase program; loss of key personnel, including as a result of our organizational realignment; hostilities, including future terrorist attacks, or fear of hostilities that affect travel; travel-related accidents; changes in the tastes and preferences of our customers; relationships with associates and labor unions and changes in labor law; the financial condition of, and our relationships with, third-party property owners, franchisees and hospitality venture partners; if our third-party owners, franchisees or development partners are unable to access the capital necessary to fund current operations or implement our plans for growth; risk associated with potential acquisitions and dispositions and the introduction of new brand concepts; changes in the competitive environment in our industry and the markets where we operate; outcomes of legal proceedings; changes in federal, state, local or foreign

tax law; foreign exchange rate fluctuations or currency restructurings; general volatility of the capital markets; our ability to access the capital markets; and other risks discussed in the Company's filings with the U.S. Securities and Exchange Commission, including our Annual Report on Form 10-K, which filings are available from the SEC. We caution you not to place undue reliance on any forward-looking statements, which are made as of the date of this press release. We undertake no obligation to update publicly any of these forward-looking statements to reflect actual results, new information or future events, changes in assumptions or changes in other factors affecting forward-looking statements, except to the extent required by applicable laws. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.



Management Agreements for
four hotels in france

February 1, 2013



Forward looking Statements

Forward-looking statements in this presentation, which are not historical facts, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, among other things, statements about our plans and strategies, market trends in France, anticipated renovations and dates by which such renovations will be completed, market share trends, expected funding under the performance guarantee and depreciation and amortization expense or future events and involve known and unknown risks that are difficult to predict. As a result, our actual results, performance or achievements may differ materially from those expressed or implied by these forward-looking statements. In some cases, you can identify forward-looking statements by the use of words such as “may,” “could,” “expect,” “intend,” “plan,” “seek,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” “continue,” “likely,” “will,” “would” and variations of these terms and similar expressions, or the negative of these terms or similar expressions. Such forward-looking statements are necessarily based upon estimates and assumptions that, while considered reasonable by us and our management, are inherently uncertain. Factors that may cause actual results to differ materially from current expectations include, among others, general economic uncertainty in key global markets including Europe and a worsening of global economic conditions or low levels of economic growth; levels of spending in business and leisure segments as well as consumer confidence; declines in occupancy and average daily rate; limited visibility with respect to short and medium-term group bookings; our ability to successfully achieve certain levels of operating profit at hotels that have performance guarantees with our third-party owners; the impact of hotel renovations; the impact of rebranding efforts; our ability to successfully execute and implement our organizational realignment and the costs associated with such organizational realignment; our ability to successfully execute and implement our common stock repurchase program; loss of key personnel, including as a result of our organizational realignment; hostilities, including future terrorist attacks, or fear of hostilities that affect travel; travel-related accidents; changes in the tastes and preferences of our customers; relationships with associates and labor unions and changes in labor law; the financial condition of, and our relationships with, third-party property owners, franchisees and hospitality venture partners; if our third-party owners franchisees or development partners are unable to access the capital necessary to fund current operations or implement our plans for growth; risk associated with potential acquisitions and dispositions and the introduction of new brand concepts; changes in the competitive environment in our industry and the markets where we operate; outcomes of legal proceedings; changes in federal, state, local or foreign tax law; foreign exchange rate fluctuations or currency restructurings; general volatility of the capital markets; our ability to access the capital markets; and other risks discussed in the Company's filings with the U.S. Securities and Exchange Commission, including our Annual Report on Form 10-K, which filings are available from the SEC. We caution you not to place undue reliance on any forward-looking statements, which are made as of the date of this presentation. We undertake no obligation to update publicly any of these forward-looking statements to reflect actual results, new information or future events, changes in assumptions or changes in other factors affecting forward-looking statements, except to the extent required by applicable laws. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

Overview

- Hyatt ^a to re-brand four hotels in France as follows:

Current name:

Concorde La Fayette



Hotel du Louvre



Hotel Martinez



Palais de la Mediterranee



To be re-branded as:

Hyatt Regency Paris Etoile

Andaz following renovation

Grand Hyatt Cannes Hotel Martinez

Hyatt Regency Nice Palais de la Mediterranee

- 1,712 rooms after renovation
- Long-term management agreements with renewal options
- Iconic, well-known properties in high-barrier-to-entry markets
- Hyatt to commence management services for hotels in 2Q13
- Owner to complete a significant portfolio renovation by mid-year 2016

^a Hyatt refers to Hyatt Hotels Corporation or one of its affiliates

High Demand Markets

Paris:

- One of the most successful and largest hotel markets in Europe with high barriers to entry ^a
- 36.9M hotel nights, 15.6M arrivals in 2011 ^b
- 81,139 Rooms / 1,549 hotels ^b
- Total market RevPAR + 4.7% YTD November 2012 ^b
- Attracts a large number of meetings, congresses and exhibitions and has the largest provision of covered exhibition space in Europe (600,000+ square meters) ^a
- Approximately 40% of the 350 international trade fairs organized in France each year are held in the capital ^a

^a Source: Paris Chamber of Commerce

^b Source: MKG Hospitality, Hotel Industry Trends Report Nov 2012

High Demand Markets

Cannes:

- France's 2nd most important city for business, tourism and a strong group destination
- 2M visitors annually ^a
- 120 hotels / 7,500 rooms in 2011 ^a
- Total market RevPAR + 5.9% YTD November 2012 ^b

Nice:

- Fifth largest city in France with nearly 4M visitors annually ^c
- 1/3 of French Riviera's hotel accommodations with nearly 200 hotels and 10,000 rooms ^c
- Total market RevPAR +1.4% YTD November 2012 ^b

^a Source: Cannes Convention Bureau

^b Source: MKG Hospitality, Hotel Industry Trends Report Nov 2012

^c Source: Nice Cote Azur – Convention and Visitors Bureau

Strong Portfolio Attributes

- Diverse earnings mix
 - 44% Group
 - 56% Transient
- Opportunity to increase inbound business
 - Current Mix:
 - 69% Europe
 - 12% U.S.
 - 8% Rest of World excluding Europe
 - 7% Middle East
- Strong current market share, expected to grow
- Owner to complete a significant portfolio renovation by mid-year 2016

Expanding our Footprint In France



Source: Bing maps

Existing portfolio:

Paris

- Park Hyatt Paris Vendome (158 rooms)
- Hyatt Paris Madeleine (86 rooms)
- Hyatt Regency Paris Charles De Gaulle (388 rooms)

Additions to the portfolio:

Paris

- Hyatt Regency Paris Etoile (950 rooms)
- Hotel du Louvre (177 rooms, Andaz following renovation)

Cannes

- Grand Hyatt Cannes Hotel Martinez (409 rooms)

Nice

- Hyatt Regency Nice Palais de la Mediterranee (188 rooms)

Portfolio detail

HYATT REGENCY PARIS ETOILE

- 950 rooms
- 37,000 square feet of meeting space
- Strong group business as proximate to Palais des Congres, the largest meeting venue in Europe
- Tallest hotel in Central Paris (35 stories)
- Located between historical city center and business area of La Defense
- 2012 RevPAR increased 8.1%

HOTEL DU LOUVRE (ANDAZ FOLLOWING RENOVATION)

- 177 rooms
- Strong demand from both corporate and leisure guests
- Built in 1855 as Paris's first luxury hotel
- 1st Arrondissement location opposite Louvre Museum
- 2012 RevPAR increased 9.2%

GRAND HYATT CANNES HOTEL MARTINEZ

- 409 rooms
- Nearly 27,000 square feet of conference space; one of the largest conference facilities in Cannes
- 1929 art deco building
- Located on French Riviera
- One of only three "palace" hotels in Cannes
- 2012 RevPAR increased 3.2%

HYATT REGENCY NICE PALAIS DE LA MEDITERRANEE

- 188 rooms
- 20,000 square feet of meeting space
- Directly facing the sea, the hotel stands on the world renowned Promenade des Anglais
- Highly visible due to its prominent historic Art-Deco facade
- 2012 RevPAR increased 10.6%

Management Agreement and FEE Terms

- Long-term management agreements with renewal options
- Fixed base fee percentage
 - First 12 months: approximately €5M
 - Expected to increase over time
- Performance guarantee covers first seven years of management agreements
 - No annual guarantee cap, maximum cumulative cap of €377M
- Incentive management fee:
 - During the first seven years, annual incentive fee expected to be between €0M and €15M as follows:
 - If profits are above annual guarantee level, excess is retained by Hyatt as incentive fee
 - If profits are below annual guarantee level, Hyatt does not earn incentive fee and Hyatt funds up to annual guarantee level
 - From and after the seventh year, annual incentive fee equals fixed percentage above owner return threshold
 - Expected to be approximately €1.5M per year from and after the seventh year and increase over time
- Hyatt expects to earn between €10M and €15M in total management fees over the first twelve months

Performance Guarantee accounting

- Liability of approximately €90M to be recorded upon inception of the performance guarantee; represents the fair value of the performance guarantee liability with an offsetting intangible asset
- The performance guarantee liability will be amortized as income over the term of the guarantee (recorded as other income)
- The intangible asset will be amortized over the initial term of the management agreements (recorded as amortization expense)
- Quarterly, we will assess the likelihood of payment under the guarantee and to the extent a payment is probable within the year, we will record a separate liability and a corresponding expense (recorded as other loss)
- Our current expectation is that the likelihood of a payment under the performance guarantee in 2013 or 2014 is low
- Any income or loss related to the liabilities or intangible asset will not impact Adjusted EBITDA

Summary

- Agreements are consistent with strategy to increase long-term brand presence in key gateway locations
- Unique opportunity given high-barrier-to-entry markets
- Iconic, well-known, well-performing hotels with diverse customer base
- Ability to immediately brand and manage under Hyatt brands
- Owner has committed capital to renovate properties
- Attractive economics, particularly post re-branding and renovation
- Expected to have relatively low levels of Hyatt capital outlay

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