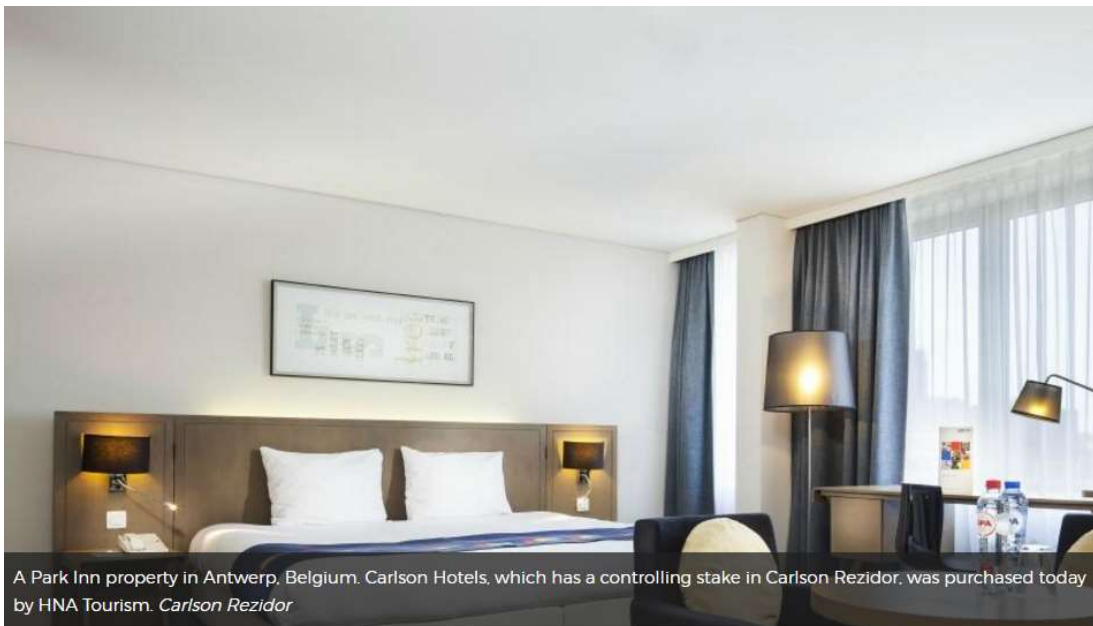


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## Carlson Hotels Bought by China's HNA Tourism Group for Undisclosed Sum

Deanna Ting, Skift - Apr 27, 2016 6:00 pm



A major Chinese company has acquired a U.S. hotel brand, but the deal involves neither Anbang Insurance Group nor Starwood Hotels and Resorts.

HNA Tourism group, which is a Fortune 500 company with multiple business lines in China, is buying Carlson Hotels Inc. from Carlson Hospitality group, including Carlson Hotels' majority stake in Rezidor Hotel Group.

The price of the deal has not been revealed and it is subject to regulatory approvals. Carlson Hotels expects it to close in the second half of 2016.

HNA already has interests in multiple travel brands. It is the largest shareholder in Spanish hotelier NH Hotel Group SA as well as Spokane, Washington-based Red Lion Hotels, it owns Swissport International, and has a stake in the Azul airline, among others. It also runs Hainan Airlines, one of China's largest regional carriers. HNA's Tourism Group was founded in 2007 and its most recent acquisition, on April 15, involved purchasing London-based International Currency Exchange, which operates currency exchange booths in airports around the world.

Carlson's brands include the Quorvus Collection, Radisson Blu, Radisson, Radisson RED, Park Plaza, Park Inn by Radisson, Country Inns & Suites By Carlson, brands and its loyalty program, Club Carlson.

Carlson Hotels is also a majority shareholder in Rezidor Hotel Group AB, which is the company's licensee for Europe, the Middle East, and Africa. Rezidor is much more active on the growth and development front than the U.S.-based arm of the company.

"Carlson Hotels own a powerful set of global brands and this historic agreement provides tremendous opportunities for growth," said David P. Berg, Carlson Hospitality Group chief executive officer, in a statement. "We look forward to working within HNA Tourism Group, a greatly respected global enterprise, in what will be an exciting new chapter in the history of Carlson Hotels. As part of HNA Tourism Group, Carlson Hotels will have an opportunity to advance our commitment to providing guests with hospitality worldwide."

Berg will remain as CEO following the acquisition and Carlson Hotels will remain headquartered in Minnetonka, Minnesota. Carlson Wagonlit Travel is not impacted by this sale.

The companies have a website, Stronger Hotels Together, which promotes the value of the acquisition.

### **WHY DID HNA BUY CARLSON?**

HNA was rumored to be interested in acquiring Carlson as early as March of this year, and reports that Carlson was seeking a buyer emerged in January.

"The combination of HNA Tourism and Carlson Hotels will have increased ability to accelerate growth through investments in areas such as digital, owned assets in major gateway cities, building of Radisson RED and other new brands," Berg told Skift. "Carlson Hotels' combination with HNA Group will strengthen its best-in-class hospitality experience for its guests."

While HNA will own Carlson's 51.3-percent stake in Rezidor Hotel Group, it will have to decide, after the deal closes, whether or not it wants to purchase the remaining 48.7 percent of shares in the company. Berg declined to "speculate about any potential actions of HNA" with regard to Rezidor.

Berg added, "HNA does not anticipate closing any U.S. properties as a result of the sale. We are dedicated to ensuring that all of Carlson Hotels' properties continue to receive a seamlessly great experience. Combining with HNA Group will enable Carlson Hotels to accelerate growth with investments in IT systems, digital, owned assets in major gateway cities and the development of new brands."

### **WHY DID CARLSON AGREE TO BE ACQUIRED BY HNA?**

It seems that the changing hospitality landscape, including the pressure for more scale, played a role.

“In terms of ‘why now,’ our hotel business is doing great,” Berg said. “It has been performing very well recently, and we are very proud of it and the people in it. Hospitality, though, is a market where the larger economics of the industry are changing by the day. It is increasingly competitive and hotel companies are getting larger through mergers, primarily so they can offer a wide range of brands and prices, run less-costly businesses, and invest deeply in the technology they need to thrive. We have been watching these trends, and looking for ways to build on the momentum of our hotel business given where the industry is headed. In recent months, this has included considering offers from several possible buyers for the Hotels Group.”

HNA, Berg said, will be a good fit for Carlson Hotels.

“HNA is most consistent with what our shareholders always hoped for their hotels business. In HNA, the hotels join a broad and expanding portfolio of travel businesses, with new sister businesses in airlines, travel, and lodging. We want to give our businesses the strongest and most exciting global platform they can have, and HNA shares this commitment with a portfolio of companies that spans the globe,” he said.

He added, “It was most consistent for the family’s vision of a global, growing, vibrant hotel business. The business is joining a global Fortune 500 company with operations across aviation, tourism, hospitality and more – a company with the aspiration to be one of the 50 largest companies in the world by 2030. They have a global outlook, and provide the size and platform upon which our business can really thrive.”