

Hyatt Hotels Corporation

Table of Contents

Financial Information

(unaudited)

<u>Schedules: Reconciliation of Non-GAAP Financial Measures</u>	<u>Page</u>
Reconciliation of Net Income (Loss) to EBITDA and EBITDA to Adjusted EBITDA	A - 2
Special Items	A - 5
SG&A Expenses to Adjusted SG&A Expenses	A - 7
Comparable Owned and Leased Hotels Operating Margin to Owned and Leased Hotels	A - 9
Operating Margin	

Percentages on the following schedules may not recompute due to rounding. Not meaningful percentage changes are presented as "NM".

Hyatt Hotels Corporation

Reconciliation of Non-GAAP Measure: Reconciliation of Net Income (Loss) Attributable to Hyatt Hotels Corporation to EBITDA and EBITDA to Adjusted EBITDA

(in millions)

	Three Months Ended September 30,		Change (\$)	Change (%)	Nine Months Ended September 30,		Change (\$)	Change (%)
	2022	2021			2022	2021		
Net income (loss) attributable to Hyatt Hotels Corporation	\$ 28	\$ 120	\$ (92)	(77.2)%	\$ 161	\$ (193)	\$ 354	183.3 %
Interest expense	38	40	(2)	(5.0)%	116	123	(7)	(5.4)%
Provision for income taxes	35	138	(103)	(74.0)%	143	339	(196)	(57.6)%
Depreciation and amortization	96	71	25	34.5 %	320	219	101	45.9 %
EBITDA	197	369	(172)	(46.5)%	740	488	252	51.7 %
Contra revenue	9	9	—	0.2 %	27	26	1	5.1 %
Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	(705)	(456)	(249)	(54.4)%	(1,885)	(1,082)	(803)	(74.2)%
Costs incurred on behalf of managed and franchised properties	697	465	232	49.6 %	1,881	1,117	764	68.3 %
Equity (earnings) losses from unconsolidated hospitality ventures	(2)	12	(14)	(120.8)%	6	(8)	14	169.7 %
Stock-based compensation expense	7	6	1	10.7 %	47	42	5	12.0 %
Gains on sales of real estate	1	(307)	308	100.3 %	(250)	(412)	162	39.3 %
Asset impairments	9	—	9	NM	19	2	17	708.7 %
Other (income) loss, net	24	3	21	533.1 %	53	(34)	87	258.5 %
Pro rata share of unconsolidated owned and leased hospitality ventures'	15	9	6	69.0 %	38	6	32	526.8 %
Adjusted EBITDA	15	9	6	69.0 %	38	6	32	526.8 %
Adjusted EBITDA	\$ 252	\$ 110	\$ 142	128.1 %	\$ 676	\$ 145	\$ 531	365.1 %

	Three Months Ended September 30,		Change \$	Change (%)	Nine Months Ended September 30,		Change (\$)	Change (%)
	2022	2021			2022	2021		
Adjusted EBITDA	\$ 252	\$ 110	\$ 142	128.1 %	\$ 676	\$ 145	\$ 531	365.1 %
Net Deferral activity								
Increase in deferred revenue	\$ 46	\$ —	\$ 46	NM	\$ 147	\$ —	\$ 147	NM
Increase in deferred costs	(29)	—	(29)	NM	(81)	—	(81)	NM
Net Deferrals	\$ 17	\$ —	\$ 17	NM	\$ 66	\$ —	\$ 66	NM
Increase in Net Financed Contracts	\$ 26	\$ —	\$ 26	NM	\$ 48	\$ —	\$ 48	NM

Hyatt Hotels Corporation

Reconciliation of Non-GAAP Measure: Reconciliation of Total Revenues to Adjusted Revenues

(in millions)

(in millions)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2022	2021	Change (\$)	Change (%)	2022	2021	Change (\$)	Change (%)
Total revenues	\$ 1,541	\$ 851	\$ 690	81.2 %	\$ 4,303	\$ 1,952	\$ 2,351	120.5 %
Add: Contra revenue	9	9	—	0.2 %	27	26	1	5.1 %
Less: Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties	(705)	(456)	(249)	(54.4)%	(1,885)	(1,082)	(803)	(74.2)%
Adjusted revenues	\$ 845	\$ 404	\$ 441	109.6 %	\$ 2,445	\$ 896	\$ 1,549	173.0 %
Adjusted EBITDA Margin %	29.8 %	27.4 %		2.4 %	27.7 %	16.2 %		11.5 %
Adjusted EBITDA Margin % Change in Constant Currency				2.4 %				11.4 %

Hyatt Hotels Corporation

Reconciliation of Non-GAAP Measure: Reconciliation of Net Income Attributable to Hyatt Hotels Corporation to EBITDA and EBITDA to Adjusted EBITDA

(in millions)

**Three Months Ended
September 30,**

2019

Net income attributable to Hyatt Hotels Corporation

\$ 296

Interest expense

19

Provision for income taxes

109

Depreciation and amortization

85

EBITDA

509

Contra revenue

5

Revenues for the reimbursement of costs incurred on behalf of managed and franchised properties

(617)

Costs incurred on behalf of managed and franchised properties

633

Equity losses from unconsolidated hospitality ventures

5

Stock-based compensation expense

4

Gains on sales of real estate

(373)

Asset impairments

9

Other income, net

(25)

Pro rata share of unconsolidated owned and leased hospitality ventures'

13

Adjusted EBITDA

Adjusted EBITDA

\$ 163

Hyatt Hotels Corporation

Reconciliation of Non-GAAP Measure: Diluted Earnings per Share and Net Income Attributable to Hyatt Hotels Corporation, to Adjusted Diluted Earnings per Share, and Adjusted Net Income Attributable to Hyatt Hotels Corporation - Three Months Ended September 30, 2022 and September 30, 2021.

(in millions, except per share amounts)	Location on Condensed Consolidated Statements of Income (Loss)	Three Months Ended September 30,	
		2022	2021
Net income attributable to Hyatt Hotels Corporation		\$ 28	\$ 120
Diluted earnings per share		\$ 0.25	\$ 1.15
Special items			
Fund deficits (surpluses) (a)	Revenues for the reimbursement of costs incurred and costs incurred on behalf of managed and franchised properties; other income (loss), net	(14)	5
Restructuring expenses (b)	Other income (loss), net	26	3
Unrealized losses (gains) (c)	Other income (loss), net	24	(7)
Asset impairments (d)	Asset impairments	9	—
Utilization of Avendra proceeds (e)	Costs incurred on behalf of managed and franchised properties; depreciation and amortization	3	5
Losses (gains) on sales of real estate (f)	Gains (losses) on sales of real estate	1	(307)
Transaction costs (g)	Other income (loss), net	—	19
Other	Other income (loss), net	—	(2)
Special items - pre-tax		49	(284)
Income tax benefit (provision) for special items	Provision for income taxes	(5)	405
Total special items - after-tax		\$ 44	\$ 121
Special items impact per diluted share		\$ 0.39	\$ 1.16
Adjusted net income attributable to Hyatt Hotels Corporation		\$ 72	\$ 241
Adjusted diluted earnings per share		\$ 0.64	\$ 2.31

(a) **Fund deficits (surpluses)** - During the three months ended September 30, 2022 (Q3 2022) and the three months ended September 30, 2021 (Q3 2021), we recognized surpluses and deficits, respectively, on certain funds, due to the timing of revenue and expense recognition. We intend to recover any deficits recognized in future periods.

(b) **Restructuring expenses** - During Q3 2022, we recognized \$26 million of restructuring expenses related to an owned hotel.

(c) **Unrealized losses (gains)** - During Q3 2022 and Q3 2021, we recognized unrealized losses and gains, respectively, due to the change in fair value of our marketable securities.

(d) **Asset impairments** - During Q3 2022, we recognized \$9 million of asset impairment charges related to intangible assets, primarily as a result of contract terminations.

(e) **Utilization of Avendra proceeds** - During Q3 2022 and Q3 2021, we recognized expenses related to the partial utilization of the Avendra LLC sale proceeds for the benefit of our hotels. The gain recognized in conjunction with the sale of Avendra LLC was included as a special item during the year ended December 31, 2017.

(f) **Losses (gains) on sales of real estate** - During Q3 2021, we recognized a \$305 million pre-tax gain related to the sale of Hyatt Regency Lake Tahoe Resort, Spa and Casino and a \$2 million pre-tax gain related to the sale of Alila Ventana Big Sur.

(g) **Transaction costs** - During the Q3 2021, we recognized \$19 million of transaction costs related to the acquisition of ALG.

Hyatt Hotels Corporation

Reconciliation of Non-GAAP Measure: Diluted Earnings (Losses) per Share and Net Income (Loss) Attributable to Hyatt Hotels Corporation, to Adjusted Diluted Earnings (Losses) per Share, and Adjusted Net Income (Loss) Attributable to Hyatt Hotels Corporation - Nine Months Ended September 30, 2022 and September 30, 2021.

(in millions, except per share amounts)	Location on Condensed Consolidated Statements of Income (Loss)	Nine Months Ended September 30,	
		2022	2021
Net income (loss) attributable to Hyatt Hotels Corporation		\$ 161	\$ (193)
Diluted earnings (losses) per share		\$ 1.44	\$ (1.89)
Special items			
Gains on sales of real estate (a)	Gains (losses) on sales of real estate	(250)	(412)
Fund deficits (surpluses) (b)	Revenues for the reimbursement of costs incurred and costs incurred on behalf of managed and franchised properties; other income (loss), net	(16)	26
Unconsolidated hospitality ventures (c)	Equity earnings (losses) from unconsolidated hospitality ventures	(4)	(68)
Unrealized losses (gains) (d)	Other income (loss), net	68	(20)
Restructuring expenses (e)	Other income (loss), net	26	3
Asset impairments (f)	Asset impairments	19	2
Utilization of Avendra proceeds (g)	Costs incurred on behalf of managed and franchised properties; depreciation and amortization	9	12
Loss on extinguishment of debt (h)	Other income (loss), net	8	—
Transaction costs (i)	Other income (loss), net	1	19
Other	Other income (loss), net	9	(2)
Special items - pre-tax		(130)	(440)
Income tax benefit for special items	Provision for income taxes	56	394
Total special items - after-tax		(74)	(46)
Special items impact per diluted share		\$ (0.66)	\$ (0.45)
Adjusted net income (loss) attributable to Hyatt Hotels Corporation		\$ 87	\$ (239)
Adjusted diluted earnings (losses) per share		\$ 0.78	\$ (2.34)

(a) **Gains on sales of real estate** - During the nine months ended September 30, 2022 (YTD 2022), we recognized \$250 million pre-tax gains on sales of real estate related to the sale of Grand Hyatt San Antonio River Walk (\$137 million), The Driskill (\$51 million), Hyatt Regency Indian Wells Resort & Spa (\$40 million), and The Confidante Miami Beach (\$24 million). During the nine months ended September 30, 2021 (YTD 2021), we recognized \$412 million pre-tax gains on sales of real estate related to the sale of Hyatt Regency Lake Tahoe Resort, Spa and Casino (\$305 million), Hyatt Regency Lost Pines Resort and Spa (\$104 million), and Alila Ventana Big Sur (\$2 million).

(b) **Fund (surpluses) deficits** - During YTD 2022 and YTD 2021, we recognized surpluses and deficits, respectively, on certain funds, due to the timing of revenue and expense recognition that we intend to recover any deficits recognized in future periods.

(c) **Unconsolidated hospitality ventures** - During YTD 2022, we recognized a \$4 million pre-tax gain on the sale of our ownership interest in an equity method investment. During YTD 2021, we recognized a \$69 million pre-tax gain on the purchase of the remaining 50% interest in the entities that own Grand Hyatt São Paulo.

(d) **Unrealized losses (gains)** - During YTD 2022 and YTD 2021, we recognized unrealized losses and gains, respectively, due to the change in fair value of our marketable securities.

(e) **Restructuring expenses** - During YTD 2022, we recognized \$26 million of restructuring expenses related to an owned hotel.

(f) **Asset impairments** - During YTD 2022, we recognized \$12 million of asset impairment charges related to intangible assets, primarily as a result of contract terminations. Additionally, during YTD 2022 we recognized a \$7 million goodwill impairment charge in connection with the sale of Grand Hyatt San Antonio River Walk.

(g) **Utilization of Avendra proceeds** - During YTD 2022 and YTD 2021, we recognized expenses related to the partial utilization of the aforementioned Avendra LLC sale proceeds for the benefit of our hotels.

(h) **Loss on extinguishment of debt** - During YTD 2022, we recognized a \$8 million loss on extinguishment of debt for the bonds that were legally defeased in conjunction with the sale of Grand Hyatt San Antonio River Walk.

(i) **Transaction costs** - During YTD 2021, we recognized \$19 million of transaction costs related to the acquisition of ALG.

Hyatt Hotels Corporation

Reconciliation of Non-GAAP Measure: SG&A Expenses to Adjusted SG&A Expenses

Results of operations as presented on the condensed consolidated statements of income (loss) include expenses recognized with respect to deferred compensation plans funded through rabbi trusts. Certain of these expenses are recognized in SG&A expenses and are completely offset by the corresponding net gains (losses) and interest income from marketable securities held to fund rabbi trusts, thus having no net impact to our earnings (losses). SG&A expenses also include expenses related to stock-based compensation. Below is a reconciliation of this measure excluding the impact of our rabbi trust investments and stock-based compensation expense.

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2022	2021	Change (\$)	Change (%)	2022	2021	Change (\$)	Change (%)
SG&A expenses	\$ 108	\$ 69	\$ 39	56.1 %	\$ 295	\$ 250	\$ 45	17.9 %
Less: rabbi trust impact	11	1	10	NM	80	(30)	110	365.8 %
Less: stock-based compensation expense	(7)	(6)	(1)	(10.7)%	(47)	(42)	(5)	(12.0)%
Adjusted SG&A expenses	\$ 112	\$ 64	\$ 48	75.1 %	\$ 328	\$ 178	\$ 150	83.8 %

The table below provides a segment breakdown for Adjusted SG&A expenses.

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2022	2021	Change (\$)	Change (%)	2022	2021	Change (\$)	Change (%)
Americas management and franchising	\$ 14	\$ 12	\$ 2	12.1 %	\$ 45	\$ 35	\$ 10	26.7 %
ASPAC management and franchising	10	10	—	(1.2)%	31	29	2	5.2 %
EAME/SW Asia management and franchising	9	7	2	28.7 %	26	21	5	26.6 %
Owned and leased hotels	4	3	1	33.3 %	10	9	1	9.5 %
Apple Leisure Group	29	—	29	NM	90	—	90	NM
Corporate and other	46	32	14	47.1 %	126	84	42	50.8 %
Adjusted SG&A expenses	\$ 112	\$ 64	\$ 48	75.1 %	\$ 328	\$ 178	\$ 150	83.8 %

Hyatt Hotels Corporation

Reconciliation of Non-GAAP Financial Measure: Guidance: SG&A Expenses to Adjusted SG&A Expenses

For the Year Ended December 31, 2022

No additional disposition or acquisition activity beyond what has been completed as of the date of this release has been included in the forecast. The Company's outlook is based on a number of assumptions that are subject to change and many of which are outside the control of the Company. If actual results vary from these assumptions, the Company's expectations may change. There can be no assurance that the Company will achieve these results. Results of operations as presented on the condensed consolidated statements of income (loss) include expenses recognized with respect to deferred compensation plans funded through rabbi trusts. Certain of these expenses are recognized in SG&A expenses and are completely offset by the corresponding net gains (losses) and interest income from marketable securities held to fund rabbi trusts, thus having no net impact to our earnings (losses). SG&A expenses also include expenses related to stock-based compensation. Below is a reconciliation of this forecasted measure excluding the impact of our rabbi trust investments and forecasted stock-based compensation expense.

(in millions)

Year Ended December 31, 2022 Forecast Range	
Low Case	High Case
\$ 517	\$ 522
—	—
(57)	(57)
<u>\$ 460</u>	<u>\$ 465</u>

SG&A expenses

Less: rabbi trust impact (a)

Less: stock-based compensation expense

Adjusted SG&A expenses

(a) Impact of rabbi trust is not forecasted for the year ended December 31, 2022 as performance of underlying invested assets is not estimable.

Hyatt Hotels Corporation

Reconciliation of Non-GAAP Measure: Comparable Owned and Leased Hotels Operating Margin to Owned and Leased Hotels Operating Margin

Below is a reconciliation of consolidated owned and leased hotels revenues and expenses, as used in calculating comparable owned and leased hotels operating margin percentages. Results of operations as presented on the condensed consolidated statements of income (loss) include expenses recognized with respect to deferred compensation plans funded through rabbi trusts. Certain of these expenses are recognized in owned and leased hotels expenses and are completely offset by the corresponding net gains (losses) and interest income from marketable securities held to fund rabbi trusts, thus having no net impact to our earnings (losses). Below is a reconciliation of the margins excluding the impact of our rabbi trusts and excluding the impact of non-comparable hotels.

(in millions)

	Three Months Ended September 30,			Nine Months Ended September 30,				
	2022	2021	Change (\$)	Change (%)	2022	2021	Change (\$)	Change (%)
Revenues								
Comparable owned and leased hotels	\$ 253	\$ 181	\$ 72	40.4 %	\$ 734	\$ 358	\$ 376	104.9 %
Non-comparable owned and leased hotels	56	82	(26)	(33.2)%	177	200	(23)	(11.6)%
Owned and leased hotels revenues	\$ 309	\$ 263	\$ 46	17.4 %	\$ 911	\$ 558	\$ 353	63.2 %
Expenses								
Comparable owned and leased hotels	\$ 193	\$ 145	\$ 48	33.5 %	\$ 538	\$ 333	\$ 205	61.7 %
Non-comparable owned and leased hotels	44	63	(19)	(30.5)%	146	168	(22)	(13.2)%
Rabbi trust impact	(1)	—	(1)	(841.8)%	(9)	5	(14)	(295.7)%
Owned and leased hotels expenses	\$ 236	\$ 208	\$ 28	13.6 %	\$ 675	\$ 506	\$ 169	33.5 %
Owned and leased hotels operating margin percentage	23.7 %	21.1 %		2.6 %	25.9 %	9.4 %		16.5 %
Comparable owned and leased hotels operating margin percentage	24.1 %	20.2 %		3.9 %	26.7 %	7.1 %		19.6 %